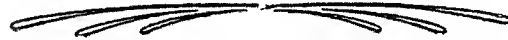


How to Become A Qualified Accountant.

How to Become
A Qualified Accountant.



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PREFACE.

The rapid extension of commercial and industrial activities in India, and especially in Bombay has created an unprecedented demand for Accountants and Auditors. In order to enable young aspirants who desire to follow this profession, the author has at great sacrifice collected information from England and other places as to the rules regulating the admission of qualified men in the profession and Students to the Membership and Fellowship of recognised bodies in the United Kingdom. He has also taken great pains to collect the various Government Orders and Notifications bearing on the subject.

The author hopes that his attempt will not only be appreciated by beginners but that others already in the profession will find it useful. It is also hoped that the information contained in the book will be found useful to the various firms and big commercial houses who are in need of information on the subject of keeping their accounts and auditing them.

Lastly it is hoped that parents anxious to provide their sons with suitable careers, will find in this book information which will lead them to select this profession for their children as one which promises a bright career in the near future.

BOMBAY, }
December, 1915 }

S. A. SHARANGDHAR.

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INTRODUCTION.

The revolution that has overtaken the commercial and industrial world during recent years, owing to the immense strides in the paths of science, locomotion and other economic causes has introduced several new factors in the science of book-keeping, accounting and auditing.

The recent upheaval in the financial world, the financial crisis, disclosures of speculation on a gigantic scale carried on by some of Indian banks, and other methods of misappropriation, welcomed fresh legislation to safeguard the interest of the public.

The Government of India has amended the Indian Companies Act of 1882. This Act as now amended, called the Indian Companies Act of 1913, contains a very important section, which has a material bearing on the question of Indian Auditors and it must be borne in mind that none should expect to be a good auditor unless he be a good accountant, and in this connection we quote from Practical Auditing by Spicer and Pegler.

“It may be profitable to point out the essential characteristics which an auditor must possess if he is to perform his duties efficiently. In the first instance it is imperative that the auditor should have a wide knowledge of the theory and practice of Book-keeping and Accounts, and should be so familiar with the underlying principles thereof that he can apply them without difficulty to transactions of which he has had no previous experience. It is impossible for a man to audit an account properly unless he is capable of preparing that account himself. The lack of this fundamental requirement is the principal cause of inefficient auditing.”

INTRODUCTION.

In this little book, we will endeavour to discuss the law as it stands in its bearing on the all important question of auditing—as now recognised by the statute and its sequel,—“How to become Qualified Auditors or Accountants.”

Here in India we have had our Indian system of book-keeping, a perfect scientific system—handed over to us by our ancestors. Moreover, the adaptation by the several leading firms and companies, of the modern system of book-keeping and accounting owing to the immense growth of commerce and industry in India, has now opened a vast field to the world of book-keeping, accounting and auditing for the Indian student.

Here in Bombay there have been several schools and institutions engaged in training accountants and book-keepers and they have one and all succeeded in turning out a band of persons some of whom have succeeded in reaching the top of the ladder in their respective departments.

Not only do the commercial houses give preference to the men trained in these institutions but there is a vast field for the young accountant or auditor on Railways, Banking, Insurance, Mining and every Manufacturing, Trading and Non-Trading concern, and even in Government Departments.

Then again the young men trained in the Indian Institutions have had every opportunity of passing examinations of the different European Institutions and thereby obtaining a higher market value for their services. A short apprenticeship in one of the commercial or mercantile institutions opens out to an intelligent and aspiring student, the visions of success in life and soon enables him to reach the goal of the highest ambition open to an auditor or accountant. It is a new profession, and it is admitted as honorable as the other

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known professions of law and medicine. Moreover, the scope of the profession is very wide and the demand for it must increase as commerce and industry develop.

Looking round us in Bombay, we see a large number of persons who have passed through the local commercial institutions now holding very lucrative appointments in the various leading European and Indian concerns. Many of them are now carrying on very flourishing business as accountants and auditors.

With this vast field open to our Indian students the question is now a very pertinent one—"How to become a Qualified Accountant" ? This question we will discuss in the following pages.

How to become a Qualified Accountant.



CHAPTER I.

Statutory Restrictions for Auditing Accounts of Public Companies.

In the introduction we have referred to the amendment of the Indian Companies Act. This amendment has materially affected the status of accountants, who had been engaged in the profession prior to the passing of the Act. Section 144 of the Indian Companies Act of 1913, defines the qualifications of auditors in the following terms:

"Section 144 (1)—No person shall be appointed or act as an auditor of any company other than a private company unless he holds a certificate from the Local Government entitling him to act as an auditor of companies. Provided that the Governor General-in-Council may by notification in the Gazette of India, declare that the members of any institution or association specified in such notification shall be entitled to be appointed and to act as auditors of companies throughout British India.

"(2) The Local Government shall, by notification in the Local Official Gazette, make rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies and may by such rules provide the conditions and restrictions on and subject to which such certificate shall be granted. The holder of such a certificate shall be entitled to act as an auditor of companies

throughout British India unless such certificate restricts or limits the exercise of the right." *

This Section is an innovation and is not to be found in the English Companies Act, although the Indian Companies Act is based on the principles laid down in the English Companies Acts. The point which materially affects the freedom of carrying on the profession of an auditor now virtually rests with the option of the Local Governments. No one can now exercise the functions of an auditor of a registered public company unless he holds a certificate from the Local Government. The proviso to this Section further empowers the Governor General-in-Council to recognise by a Notification Institutions or Associations, the members of which would be entitled to act as auditors of companies throughout British India. This again is an innovation which did not exist in the English Companies Acts. The Act also empowers the Local Governments to make Rules regarding the grant of certificates and imposing restrictions.* It is therefore only the holders of such certificates who can under the new law exercise the functions of an auditor of public companies.

It is not within our province to discuss the merits of the above section, it has now become a part of the law of the land and every one who aspires to be a public auditor must seek to qualify himself to obtain the necessary certificate from the Local Government.

It may however be interesting in passing to observe that the incorporation of the above section in the Indian Companies Act, evolved a good deal of public criticism from the members of the profession. In this connection we refer to the following letter addressed by Mr. Rice,

* *Note*:—Local Governments Auditors Certificates Rules are given in the Appendix B.

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a chartered accountant to the Secretary to the Council of His Excellency the Governor for making Laws and Regulations.—

“Might I suggest the advisability of the clause referring to appointments of Auditors to the Companies in India to be worded ” That an Auditor of the Company must be a Chartered Accountant, Incorporated Accountant, or a person carrying on public practice as an Accountant.

“There are at present moment many an Auditor to the Indian Companies, who are just there to sign the accounts and meet the requirements of the Indian Companies Act, whose knowledge of auditing is limited to signing the Balance Sheet and pocketing the fees.

“During my experience of over six years in the United Kingdom, I have seen the shortcomings of the clause referring to the appointment of Auditors and a perusal of the accompanying article on defective audits and frauds will show the need for the amendment of the clause referring to the appointment of auditors. When such advantages of the wording of the Companies Act are taken by the people of England whose education is far advanced to that of any other country, India in her ignorance could do more and if the interest of the Indian public and shareholders are to be safeguarded against such malpractice, the only means is to define in the Act as to who shall be the Auditors of the Company, and certain penalty imposed for not complying with the requirements of the Act.

“I feel confident that with the passing of the Professional Accountants Bill in England, which has been presented to the English Parliament recently, the clause effecting the appointment of Auditors shall be worded on a similar line as I have mentioned. This is the opportune

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moment to insert such a clause in the Indian Companies Act, which is undergoing amendments. If this is left to a future date, then the practice of amateur auditors appointments must go on much to the detriment of the Indian public and professional accountants who I may say are increasing in India every year."

This letter suggested the desirability of permitting "a person carrying on public practice as an accountant," to continue the profession and thereby enjoy the vested rights—which no new law ever overlooks—without the necessity of approaching Government for a certificate. The Government of India, however, did not accede to this request and therefore, every young man now aspiring to become an auditor must abide by the terms of Section 144 of the Indian Companies Act of 1913.

The following article on defective audits and frauds referred to in Mr. Rice's letter, could also be perused with advantage by every student who aspires to become a qualified accountant.

Defective Audits and Frauds.

"As bearing upon the subject of the articles that have recently appeared in these columns under the above heading, a provincial correspondent has forwarded to us a cutting from the Birmingham Daily Mail of the 10th February, 1909, which contains an account of the public examination of the officials of the West Bromwich Permanent Money Society before his Honour Judge Smith in the West Bromwich County Courts.

"It is unnecessary for us to concern ourselves with the causes that have led to the winding up of this Society, but the evidence of the two auditors is well worthy of consideration, as bearing upon the plea that we have already

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put forward for additional legislation providing effectively for an efficient audit of the accounts of all concerns in which the savings of the poorer classes are likely to be invested. One Knight, of West Bromwich, upon being examined before his Honour Judge Smith, stated that he was a vanman, and had acted as auditor of the above named Society during 1902, 1903, 1904, and 1905. He was first connected with the Society, he said, as an investing member and was asked to act as auditor by Hale, the Secretary. He was not appointed by a meeting of the Committee or members and he had never attended a meeting, neither had he ever signed the Balance Sheet produced at any meeting. Witness added that he knew nothing about accounts, but that Hale had pressed him to take the position. There were no books produced but Hale made out Balance Sheets in lead pencil, because he said, if there was any mistake it would be more easily rectified. Witness admitted that he did not see the Post Office or Bank Book, nor read the certificate the auditors had to sign, nor did he see any books at all. He left everything to Hale, and received 2s 6d or 5 shillings for auditing.

“The second auditor, one Hunt, also of West Bromwich, described himself as an engine driver, and stated that he had acted as auditor for 1903, 1904 and 1905. Like Knight, he had been appointed by Hale, although he had informed Hale that he was not a scholar and knew nothing about accounts. He never attended a meeting, did not know that there was any meeting, had never read the Balance Sheets before signing them, and if he had done so he would not have understood them nor did he read the auditors' certificate or ever see any books. He left everything to Hale and trusted to his honesty. Witness added that the most he received for auditing was 4 shillings. The Secretary,

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Hale, being recalled, denied many of the statements made by these witnesses, and asserted that the auditors had an opportunity of seeing the books and going through them. This disclaimer may, of course, interest Hale, but it in no way affects our present argument. Here unfortunately is the case of the Society whose accounts are audited by two members who admittedly are so ignorant that even if they did have an opportunity of comparing the accounts, they signed, with the books, they would be unable to make any reasonable use of it. Such an audit is obviously valueless as a protection to members generally, yet it represents a due compliance with the statutory requirements, and doubtless serves its desired purpose of reassuring existing members and attracting new ones. It is unnecessary to remark that the men of this class, who are incompetent to undertake the duties of auditors are equally incompetent to appreciate the seriousness of what they are doing in accepting such position without fulfilling the duties attendant thereto. It is clearly waste of time to seek to arrive at a better state of things by endeavouring to impress upon them and others like them, the importance of an audit properly conducted. No useful reform can be expected until the legislature has insisted upon the accounts of these concerns being regularly audited by persons who are properly qualified to do the work, and are of sufficient substance to be held responsible for any neglect with some reasonable prospect of advantage to those who have suffered in consequence. Imperfect as are the provisions of the Building Societies Act, 1894, it is beyond doubt that they have done much to improve the stability of Building Societies during the past fourteen years, and it is equally incontestable that the number of Building Society frauds has been greatly reduced since the introduction of the professional audit. As it is beyond reasonable doubt that the audit of friendly and other similar

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Societies is as a rule, just as inefficient as it well can be, it is only reasonable to suppose that similar advantages might be secured here by the introduction of similar regulations. At the same time matters have not stood still during the past fourteen years, and it ought not now to be difficult to frame a clause which would more effectively secure what was then intended that the responsibility of auditing these important undertakings should rest upon *bona fide* professional accountants, who have been properly trained to discharge their duties, and depend on their livelihood upon their ability so to do."

We perfectly agree with the conclusion arrived at in the above article that the responsibility of auditing important undertakings should rest upon *bona fide* professional accountants, who have been properly trained to discharge their duties and depend on their livelihood upon their ability to do so.

Leaving aside the vexed question of a certificate from Local Government, for the present, our object is to advise all young men to try and obtain a professional ability which will place them beyond all temptations offered by a fraudulent banker or a mercantile concern run on unsteady principle. It is the high standard of moral rectitude and honesty, combined with professional ability, which is required of every auditor, in these days, when unfortunately owing to heavy competition and decadence of commercial morality, the snares in the way of a young auditor are many. Recent exposures in Bombay and all over India, have placed before us many painful incidents of auditors having lapsed from their path of duty.

CHAPTER II.

Recognised Institutions and Qualifications for Membership.

We will now examine the details of the working of Section 144 of the Indian Companies Act, 1913.

In pursuance to the proviso to the above section Governor General-in-Council notified under Notification No. 1626, dated Delhi, March 14th 1914, that the members of the following Institutions and Associations shall be entitled to act as auditors of companies throughout British India :—

- (1) The Institute of Chartered Accountants in England and Wales.
- (2) The Society of Incorporated Accountants and Auditors.
- (3) The Society of Accountants in Edinburgh.
- (4) The Institute of Accountants and Actuaries in Glasgow.
- (5) The Society of Accountants in Aberdeen.
- (6) The Institute of Chartered Accountants in Ireland.

It may be noted that the first two Institutions are English bodies, the next three are the Scottish bodies and the last one is an Irish body.

The Government of India Notification entitles a member of one of the six Institutions named above to act as an auditor throughout British India—without a certificate from Local Government. This no doubt raises a pertinent question, what are the qualifications required to be a member of one of these Institutions.

The first condition required lays down that the candidate should pass a preliminary examination, as to the candidate's possessing a general education. This test is demanded in case where the candidate has not passed the matriculation examination of any University in Great Britain or Ireland.

So far as a fresh student from the school is concerned this preliminary test does not involve any hardship, but here in India, we have instances of young men who have already entered service in commercial firms and have attained a general knowledge of their work, and have mastered the routine of keeping account books and auditing them by undergoing several years' drudgery. In the case of a young clerk of this type who aspires to become a qualified accountant, the preliminary test may bar him in attaining his object. Then the cases of aged persons may be better imagined than described.

It may be noted here that to obviate this difficulty the Institute of Chartered Accountants in England and Wales has recently passed a bye-law exempting persons of a certain age from the preliminary test.

Ordinarily in order to secure the membership of these Institutions it is necessary to serve as an apprentice for five years with a practising member of the Institution of which the candidate wishes to be a member. This period of apprenticeship is reduced to three years in the case of a graduate of an English or Irish University. During the last year of apprenticeship the candidate is allowed to enter for the final examination, provided he has already passed the Intermediate examination. On the completion of the period of apprenticeship and on the passing of the final examination the candidate is allowed to apply to be admitted a member.

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Among the recognised Institutions, the Society of Incorporated Accountants and Auditors is the only one which makes an exception in cases of accountants' clerks who have served for long periods. This Institution also admits, practising and official accountants to its examinations. All these persons come under "Non-Indenture System." The examinations carried on by this Institution have not yet been introduced in India, though we were informed by this Institution so far back in 1906, that the question of holding its examinations in India was then under the consideration of its Council.

The Indenture system could briefly be summarised as one costing a premium of a few thousand rupees, while the other imposes the penalty of time.

It must however be observed that the path of an auditor or accountant is not one strewn with roses. It is a hard struggle for existence, and one that requires great patience and personal grit to get on in the profession. The lot of an accountant even in a country like England is a hard one is clearly evident from the following letter which appeared in the "Accountant."

"I have read the letters that have appeared in the last two Accountants and your note with much interest. The practice is not confined to accountancy, as I believe it is far worse with solicitors and of much older standing, and is the direct outcome of the present glut of qualified men.

"May I, therefore, encroach on your space to give the reasons for the glut, which is so bad that young chartered accountants can only get from 25s to 40s a week—surely an inadequate salary for a man who has spent five years under articles.

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“The first cause is undoubtedly due to the cheap manner in which the profession can be entered, and then comes the lack of honesty shown by many of the large firms of Chartered Accountants, who often will only allow their articled clerks to check additions and as a great favour assist in checking postings, but still, these clerks can qualify, for the examinations are purely theoretical and do not require the same exhaustive knowledge as kindred professions. The result follows that quite half the newly qualified accountants are not really qualified, and, as the public or practitioners are unable to discriminate low salaries and harsh conditions are all they can obtain.”

CHAPTER III.

Practical Training of Auditors' Assistants.

In this chapter we will briefly deal with the methods of practical training of assistants of auditors and of accountants attached to companies and this we will do by discussing the question—what are the duties of an auditor under the statutory provisions of the Indian Companies Act of 1913.

Supposing a Cotton Mill Company wants its accounts audited, it must, in the first instance in compliance with the provisions of the Act, appoint an auditor or auditors at each annual general meeting.

Under the said Act the first statement an auditor is required to certify is—the statutory report—and it is provided that the statutory report shall, so far it relates to the shares allotted by the Company and to the cash received in respect of such shares and to the receipts and payments of the company on capital account, be certified as correct by the auditors of the company. Consequently, the first duty of an auditor of a new company is confined to the examination of—

- (a) Allotment of Shares.
- (b) Cash received in respect of such shares.
- (c) Receipts and payments of the company on Capital account.

The powers of an auditor are defined by sub-section (1) of section 145 of the said Act, which is worded as under:—

“Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.”

It should be noted that an auditor has a right of access to the books, &c., and in the opinion of the counsel in London the words “books of the Company” referred not merely the books of account but to all books, *e. g.*, Minute Books, Letter Books, etc., and it is the duty of an auditor to discriminate what is necessary for him to examine and to take the responsibility for whatever selection he may thus make.

For the examination of allotment of shares it would be necessary to inspect—

1. The Memorandum and Articles of Association of the Company,
2. Directors' Minute Book,
3. Contracts and
4. The Prospectus,

and junior clerks cannot be entrusted with this work.

As regards the examination of cash received in respect of shares and receipts and payments on capital account, it will have bearing with the documents necessary for the inspection of allotment of shares named above and junior clerks cannot go beyond the study of the form of a Cash Book, which records these transactions and their duties must be confined to checking additions and postings of the Cash Book.

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Section 130 provides that every Company shall keep proper books of account in which shall be entered full, true and complete accounts of the affairs and transactions of the company.

In addition to books of account every company is required to keep the following books—

- (1) Register of Members.
- (2) Annual List of Members and Summary.
- (3) Minute Books.
- (4) List of Directors.
- (5) Register of Mortgages.

Section 131 requires that every company shall, once at least in every year and at intervals of not more than fifteen months, cause the accounts of the company to be balanced and a balance sheet to be prepared.

It further provides that the balance sheet shall be audited by the auditor of the company.

Section 132 gives contents of and prescribes a form for the balance sheet. It is worded as under:—

“The balance sheet shall contain a summary of the property and assets and of the capital and liabilities of the company giving such particulars as will disclose the general nature of these liabilities and assets and how the value of the fixed assets has been arrived at. The balance sheet shall be in the form marked F in the Third Schedule or as near thereto as circumstances admit.”

Duties of auditors are defined by sub-section (2) of Section 145 of the Act that the auditors shall make a report to the members of the company on the accounts examined by them, and on every balance sheet laid before the company in general meeting during their tenure of office, and the report shall state—

- (a) whether or not they have obtained all the information and explanations they have required, and
- (b) whether, in their opinion, the balance sheet referred to in the report is drawn up in conformity with the law, and
- (c) whether such balance sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

An auditor is thus required to examine the balance sheet to be laid before the company in general meeting, and to make a report to the members of the company on the accounts examined by him.

We shall therefore take the pro forma balance sheet prescribed by the Act, and shall deal with the items which relate to the business of our Cotton Mill Company.

On the left hand or Capital and Liabilities side of the balance sheet the following items are specifically noted—

Capital and Liabilities.

1. Capital.

- (a) Authorised Capital.....Shares of Rs...each.
- (b) Issued Capital.....Shares of Rs.....each.
- (c) Subscribed Capital.....Shares of Rs...each.
- (d) Amount called up at Rs...per Share.

Less—Calls un-paid.

- (e) Add—Forfeited Shares (amount paid).

2. Reserve Fund or Development Fund.

3. Any Sinking Fund.

4. Any other Fund created out of net profits.

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5. Any Pension or Insurance Fund.
6. Provision for Bad and Doubtful Debts.
7. Loans on Mortgage or Mortgage Debenture Bonds.
8. Loans otherwise Secured (stating the nature of Security.)
9. Loans Unsecured.
10. Interst.—

(a) Accrued on Mortgages, Debentures or other Secured Loans.

11. Unclaimed Dividends.

12. Liabilities:—

(a) For Goods supplied.

(b) For Expenses.

(c) For Acceptances.

(d) For other Finance.

13. Advanced Payments and Unexpired Discounts.

(For the Portion of which value has still to be given, *e.g.*, in the case of the following classes of Companies—Newspaper, Fire Insurance, Theatre, Club, Banking, Steamship Companies etc.)

14. Profit and Loss.—

(a) Balance as per previous Balance Sheet.

Less—Appropriation thereof.

Balance brought forward.

(b) Profit since last Balance Sheet.

(N. B.—These details need not be given if the same be contained in a Profit and Loss account attached to the Balance Sheet.)

Contingent Liabilities:—

- (a) Claims against the Company not acknowledged as debts.
- (b) Moneys for which the Company is contingently liable.
- (c) Arrears of Cumulative Preference Dividends.

The item or heading numbered 1 is "**Capital.**" It is subdivided under five heads, *viz.*--(1) Authorised Capital, (2) Issued Capital, (3) Subscribed Capital, (4) Called-up Capital and (5) Forfeited Shares.

Authorised Capital (1) is the total amount of Capital with which the Company is registered. This amount can be ascertained from the Memorandum and Articles of Association of the Company.

Issued Capital (2) is the total amount of Capital which has been issued to public for subscription.

Subscribed Capital (3) is the total amount of Capital which has been subscribed for and duly allotted to the public.

Called-up Capital (4) is the total amount of Capital for which calls have been duly made by the Company.

Forfeited Shares (5) is the total amount which has been duly received on Shares and which were subsequently forfeited by the Company for default of payment of calls in respect thereof.

The items required to be shown in the proper money column under the heading Capital are nothing but the capital receipts and they must be passed through the cash book, examination of which is explained above.

The next items numbered 2, 3, 4 and 5 relate to the **Funds** of the company. The question of creating funds out of

the profits of the company can only be decided with the help of the Articles of Association of the company, and the resolutions relating thereto passed by the Directors and Shareholders of the Company. These matters cannot be left to the discretion of clerks, but must be looked into personally.

The item numbered 6 is "**Provision for Bad and Doubtful Debts.**" It is a temporary liability, because, we will have to appropriate it when any debts turn out bad. Examination of this item is not so easy as one would think. To estimate the amount for this sort of provision, the auditor shall have to go very carefully through every account of the debtors of the Company, making notes on various points for consideration and after consultation with the responsible officer of the company he shall have to decide the question. So this item also must be dealt with by the auditor himself.

The next three items numbered 7, 8 and 9 relate to "**Loans of the Company.**" They are classified under three heads. A company is entitled to raise funds for the purpose of its business by the issue of mortgage debentures, and the receipts and payments relating thereto will have to be entered in the Cash Book of the Company, and the procedure of the examination of these items will be the same as in the case of receipts and payments on capital account of the company referred to above, and the training of our accountants' clerks will have to be limited to the form, and additions and postings of the Cash Book. The contracts and other documents relating to these items, the auditor shall have to inspect himself, and perhaps consult the company's solicitors on legal points therein.

The next item numbered 10 is for "**Interest accrued on Mortgages, Debentures or other Secured Loans.**" Where there is an issue of debentures there will be a Debenture

Interest Register and the duty of our accountants' clerks will be to check calculations, additions and postings and to see that the period reckoned for interest is correct.

The eleventh item is for "**Unclaimed Dividend**" and for the purpose of the examination of this item the auditor shall have to see what was the amount standing to the credit of this account at the commencement of the period and what was the total amount of dividend declared by the company during the current period and what was the total amount of payments on this account made by the company during the period. If the difference so arrived at does not tally with the figure shown on the Balance Sheet under this heading the auditor shall have to refer to the minute book and satisfy himself that the difference is the exact amount of unclaimed dividend forfeited in accordance with the articles of association of the company. The details will be found in the Dividend Register and the Cash Book and in examining the same the accountants' clerks shall have to see that the calculations, additions and postings are correct.

The twelfth item or heading is "**Liabilities.**" It is classified under four heads, *viz.*, (1) for Goods Supplied, (2) for Expenses, (3) for Acceptances and (4) for other Finance. The total amount required to be shown under the first sub-head is the aggregate amount due but unpaid to the individual merchants who supplied the company with materials, such as Cotton, Coal, Firewood, Stores, English Yarn, Silk, etc. and the accounts of these merchants will be found in the Ledger of the company and the debits and credits or postings into these accounts will have to be checked with the entries in the Cash Book and Journal of the company. Here also the accountants' clerks have to check postings, additions and subtractions. Vouching and correctness of the entries must be looked into by the auditor.

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The second sub-head is for "Expenses" amongst which may be named—Wages of Mill Hands, &c., Salaries, Rent, Rates and Taxes, Cartage, Duty, Insurance, Commission, Printing, Stationery, Advertising, Telegrams, Postages, etc. Payments of these items must have been entered in the Cash Book and posted into the respective accounts in the Ledger of the company, and as to the training of accountants' clerks, in respect of these items, the above remarks apply to this sub-head as well as the remaining two.

The above named items of expenses relate to nominal accounts and will have to be closed into the Profit and Loss account, and the total amount due and un-paid in respect of such expenses will have to be ascertained and shown under Liabilities as required, and the auditor naturally could not leave this matter to his junior clerks.

The thirteenth item is "**Advanced Payments and Un-expired Discounts.**" There is a note to this head, which makes the meaning of this item quite clear. These are the payments received in advance, and the question is of adjustments of accounts affected thereby, and they must be scrutinised by the auditor himself.

The last and the fourteenth item on this side is "**Profit and Loss.**" There is a note to this heading to the effect that the details required under this head need not be given if a Profit and Loss account attached to the Balance Sheet contains the same. It is therefore necessary to know something as regards the items likely to appear in the Profit and Loss account of our company. Besides, the examination of the Balance Sheet required by the law to be certified by the auditor of the company, cannot be complete without the examination of the Profit and Loss account. A Profit and Loss account is not required to be filed with the Registrar of Companies, under the Act. A Profit and Loss

account may be briefly defined as a summary of accounts relating to expenses or losses and profits or gains, raised in the Ledger of a company under their appropriate heads technically called nominal accounts. We have already referred to most of these accounts when dealing with Liabilities above. On one side of this account may be shown the amount of stock at the commencement followed by the amount of purchases of materials during the period and expenses incurred in carrying on the business of the company. On the other side may be entered the amounts of sales, stock in the end and the items of profits or gains if any. The balance of this account must be shown on the Balance Sheet of the company. These accounts as stated above are raised in the Ledger and the entries therein are posted from the Cash Book and the Journal of the Company.

There is a footnote to the pro forma Balance Sheet on this side and the law requires a company to give the amount of Contingent Liabilities under the three specified heads which are self-explanatory. The amount is not to be shown in the proper money column, but in an inner one. The auditor must attend to this in person.

The progress of our accountants' clerks so far may be noted here, *viz.*, calculations, additions, subtractions and postings pertaining to the following books of the company *viz.*, Cash Book, Journal and Ledger, Register of Members, Register of Debenture Holders, Dividend Register and Debenture Interest Register.

Now we shall deal with the items specified on the right hand or Property and Assets side of the pro forma Balance Sheet.

Property and Assets.

15. Fixed Capital Expenditure.

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(Distinguishing so far as possible between expenditure upon goodwill, land, buildings, leaseholds, railway sidings, plant, machinery, furniture, development of property, patents, trade marks and designs, interest paid out of Capital during construction, etc., and stating in every case the original cost and the total depreciation written off under each head.)

16. Preliminary Expenses.

17. Commission or Brokerage.

(Commission or Brokerage paid for underwriting or placing shares or debentures until written off.)

18. Stores and Spare Gear.

19. Loose Tools.

20. Live Stock.

21. Stock in Trade.

(Stating mode of valuation, *e. g.*, cost or market value.)

22. Bills of Exchange.

23. Book Debts.

(Distinguishing in the case of a Bank between those considered good and in respect of which the Bank is fully secured and those considered good for which the Bank holds no security, other than the debtor's personal security, and distinguishing in all cases between debts considered good and debts considered doubtful or bad. Debts due by Directors and other officers of the company or any

of them either severally or jointly with any other person to be separately stated in all cases).

24. Advances.

(Recoverable in cash or in kind or for value to be received, *e. g.*, Rates, Taxes, Insurance, etc.)

25. Investments.

(Nature of Investment and mode of valuation, *e. g.*, cost or market value.)

26. Interest Accrued on Investments.

27. Cash and other Balances.

(a) Amount in hand.

(b) Balances with Agents and Bankers (in detail showing whether on deposit or current account, etc.)

28. Profit and Loss.

(Giving in the case of a debit balance, details as far as possible as in the case of a credit balance.)

Fixed Capital Expenditure, No. 15.—There is a note to this head which sufficiently explains, which payments the law would allow, to be treated as capital expenditure. The payments are entered in the Cash Book and posted into the Ledger of the company. The auditor shall have to see that they are properly classified under the different heads required by the law. The question of depreciation also must be looked into by the auditor. The clerks shall have to check postings, additions and subtractions.

Preliminary Expenses, No. 16.—There is no explanatory note to this head, in the pro forma Balance Sheet, and it may be noted that the original expenses relating to the professional fees in connection with the prospectuses, memo-

randum and articles of association, contracts, etc., together with the printing charges thereof, stamp duties, registration fees, advertising, share certificates, debentures and any other expenses upto the time of allotment, except those required to be shown separately by the pro forma Balance Sheet, may be treated as Preliminary Expenses. When payments are made they will be entered in the Cash Book and posted into the Ledger. Accountants' clerks shall have to check postings, additions and subtractions. The auditor shall have to satisfy himself as to the proper treatment of this item.

Commission and Brokerage, No. 17---There is a note to this head, which makes its meaning quite clear. Generally this expenditure is included in the Preliminary Expenses but hereafter the law requires it to be shown separately. Payments will be entered in the Cash Book and posted into the Ledger of the Company. Postings, additions and subtractions will be checked by the clerks and the contracts in respect of this item must be inspected by the auditor to satisfy himself that the payments were in accordance therewith.

Stores and Spare Gear and Loose Tools, Nos. 18 and 19.—These articles are daily required for the working of our Cotton Mill Company. They number in hundreds. A separate Ledger is kept in the Mill, but it is never examined either by the auditor of the company or his clerks. The general practice is that the Mill Clerk in charge of stores makes an inventory of the articles on hand on the day of the Balance Sheet. The work is commenced several days before that day. The prices are marked, amounts are extended and the grand total is obtained. This will be taken for the Balance Sheet and the difference in the ledger account will be transferred to the Profit and Loss account.

Live Stock, No. 20—As in the preceding items an inventory will be made by the Mill Clerk, valued and the total valuation arrived at, will be taken for the Balance Sheet, transferring the difference of this account in the Ledger to the Profit and Loss account of the company. Any payments and receipts in respect of this item will be checked in the usual way in the Cash Book and the ledger account.

Stock-in-Trade, No. 21—A note to this head in the pro forma Balance Sheet requires a mode of valuation—cost or market price. This item will include, in the case of our Cotton Mill Company, (1) Raw Material, such as Cotton Bales and Bales broken for mixing, (2) Stock-in-Process, such as Laps, Sliver, Hanks, Cops, Bobbins, Unsized Beams, Sized Beams and Cloth on Looms, (3) Finished Stock, such as Loose Yarn, Yarn Bundles, Yarn Bales, Loose Cloth and Cloth Bales, etc., and (4) Waste. Stock Sheets are made out by Mill Clerks and certified by the Head Clerk and Manager of the Mill. Accountants' clerks generally check additions and extensions. It would not be possible for an auditor or his clerks to check the items in detail. In cases decided under the English Companies Acts the auditor is relieved from liability, in respect of valuation of this item. It remains to be seen what limits our Courts will put on the duties of auditors in respect of this item. It must not be forgotten that the fraudulent manipulation of this item will seriously affect the position of any company.

Bills of Exchange, No. 22—This item includes Promissory Notes, Acceptances, or Hundis, etc., in the possession of a company and for which the company is entitled to receive the specified amount on maturity or its present value on discounting the same. To ascertain its present value the discount for unexpired period must be calculated and the item adjusted accordingly for the Balance Sheet. The

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auditor will inspect the Bills and the clerks will check calculations and additions.

Book debts, No. 23—This figure will be ascertained from the list of debtors prepared from the Ledger of the company. Value of the Bills of Exchange passed by debtors to secure their debts if included in the preceding heading, will have to be deducted from this figure. There is a note to this head and the debts must be classified accordingly. For goods supplied or services rendered by the company, entries are made in a Journal and posted into the respective accounts in the Ledger. Moneys received on account are entered in a Cash Book and posted to the proper accounts in the ledger. Accounts are balanced on the day of the Balance Sheet and a list referred to above is prepared. Accountants' clerks will check postings, additions and subtractions.

Advances, No. 24—From a note to this head it is clear that these are the expenses paid by the company in advance, applicable partly or wholly to the next period, and will have to be adjusted accordingly. Payments will be entered in the Cash Book and posted into the Ledger. Postings to and additions and subtractions of the accounts concerned will be checked by the accountants' clerks.

Investments, No. 25—From a note to this head it appears that the investments of a company should be stated separately, according to the mode of valuation adopted. When the funds of a company are invested, entries are made in the Cash Book and posted into the Ledger and the duties of accountants' clerks in respect of this item will be limited to checking of postings, additions and subtractions. The auditor will inspect the papers.

Interest Accrued on Investments, No. 26—It is the amount of interest accrued on the investments of the com-

pany on the day of the Balance Sheet, but not received until after that date. The period for which the interest on respective investments of the company is accrued, shall have to be ascertained and the amount to be calculated at the agreed rate of interest. The clerks will check the period, calculations and additions.

Cash and other Balances, No. 27—This item is classified under two sub-heads, *viz.*, (1) Amount in Hand—this the auditor will have to count on the day of Balance Sheet, and (2) Balances with Agents and Bankers—here again details are required, showing separately the amount to the credit of deposit account and to the credit of current account. Cash with the Agents and their Bankers will be taken from the certified statements rendered by the respective Agents, and the Bankers' balances will be checked with the certificates received from the Bankers. All balances will have to be reconciled with the balances of the corresponding accounts in the company's ledger.

Profit and Loss, No. 28—When dealing with this heading on Capital and Liabilities side, numbered 14, we have said sufficiently in respect of this item, and we believe no further remarks are necessary.

Summarising the whole work of our accountants' clerks in respect of this sort of audit, we believe you will bear with us when we say that their knowledge is limited to the form of Cash Book, Journal, Ledger, Register of Members, Register of Debenture-holders, Dividend Register, Debenture Interest Register, Invoices, Receipts, Bills of Exchange, Stock Sheets, Profit and Loss account and Balance Sheet, and checking Postings, Additions, Subtractions and Calculations.

It can then be noted that both the accountants' clerks, one working under "indenture system" and the other under

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“non-indenture system,” receive the same training so far. Supposing that the auditors or employers of our clerks have the audits of about ten such companies, each, every year, then what will be the progress of our clerks when they will be doing the same work throughout the period of their training for five years? They may be getting quicker in checking, and nothing else, provided they have understood the work and the business of the company during the first year or two of their training. Now it can be easily judged as to who is better qualified, whether our accountants’ clerks, or accountants attached to companies—who not only know the forms of the books named above, but write all those books, and in addition all other statistical books, which are not even seen by our clerks, as well as every form concerned with the business of the company, many of which are not even known to our clerks, make all postings, additions, subtractions and calculations and check and prove everything, before the books are produced for audit. In fact, everything that the auditor and his clerks check, is done, checked and proved by the accountants attached, and many other things relating to the business of the company are actually done, checked and proved by them, *i. e.* accountants attached to companies not nominal accountants—but accountants of the class described.

It is then quite clear that so far as the practical training is concerned, the accountants attached to companies are better qualified than the practising accountants’ clerks. And if the question would be considered in detail, it could be easily proved that so far as the practical training in book-keeping, accounting and auditing, in respect of this particular kind of business is concerned, the accountants attached to companies are not only superior to the auditors’ clerks, but to auditors themselves unless the auditors had previously undergone the

PRACTICAL TRAINING.

same drudgery, which the attached accountants had to undergo during their training of several years in merchants' offices, before they were raised to the position of accountants. Here a question would naturally arise whether the practising accountants' clerks receive any other training than that which is received in merchants' offices, as described above? None whatsoever. For the training for the accountants' examinations all have to attend and pay coaching classes conducted by Schools or Institutions.

From this it follows that the merchants' offices are the only institutions to receive practical training, for (1) auditors' clerks under "indenture system," (2) those under "non-indenture system," and (3) merchants' accountants.

There are therefore three channels to enter merchants' offices to acquire practical training in Book-keeping, Accounting and Auditing. Before the establishment of accountants' societies there was only one road straight to a merchant's office. Now there is one more—through audit offices. This brings us to the conclusion that if the auditors' clerks and auditors of half a dozen companies would be entitled to receive auditors' certificates, the *bona fide* accountants attached to companies have equal right to get them.

CHAPTER IV.

Accountants' Examinations.

Now we shall turn to accountants' examinations, and for this purpose, we shall take English Chartered Accountants' Examinations. These examinations embrace the following subjects, *viz.*, Book-keeping and Accounts or Accountancy, Auditing and Commercial Law. The examinations are held in two divisions, *viz.*, the Intermediate and Final. Book-keeping takes twelve hours, auditing four and the law eight hours. This clearly shows that more importance is given to book-keeping—twelve hours—next comes law, 8 hours, but the candidates are also examined in the rights and duties of Liquidators, Trustees and Receivers, for 4 hours out of 8. Conditions in India are different, as these appointments are reserved for Court Officials, and if these four hours be deducted, in the case of Indian candidates there remain only four for law. Questions are also set in Arbitration and Awards during these four hours, and as separate time is not marked for this subject, we take full four hours for law. So book-keeping and auditing take 16 hours and law 4 only. This is the position of the candidates for examinations.

It is a well known fact that the merchants never consult their auditors on law points, but they are referred to their solicitors. Of course, it is necessary for accountants to know the legal position of parties involved in the transactions dealt with by the company, otherwise, the whole record of the company will be worthless. But, there are no cases in which the auditors had to complain to their employers, *i. e.* the merchants that as their accountants had not studied the law, the balance sheets placed before them for audits, were false. This leads one to believe that the

ACCOUNTANTS' EXAMINATIONS.

accountants have also learnt (something) of the practice of law, during the course of their services in the merchants' offices.

Auditors' clerks do not write books, nor do they prepare accounts for examination—as in the case of accountants attached. Then these clerks must be examined in the interest of the public. Accountants of companies are always examined by their employers, *i. e.* merchants, and periodically by the employers' auditors, and if there is nothing against them, they have surely earned 100 per cent. in practical book-keeping, accounting and auditing, and the proverb—"an ounce of practice is worth tons of theory" is fully exemplified.

It may also be noted that the London Chamber of Commerce Accountancy test covers the whole ground of chartered accountants' examination in book-keeping referred to above, and allowance must be made in cases of those who have already undergone this test, particularly when it is conducted under the supervision of our Government.

To become a fully qualified accountant, one has to receive a practical training and to pass accountants' examination, and we believe the explanation given above will be enough for our requirements. A practical training is of primary importance, examinations help in its development, provided opportunities occur.

We have pointed out that the practical training of merchants' accountants serves both the ends, while the training for the accountants' examination does not. We have also pointed out from a chartered accountant's letter that the practical training in chartered accountants' offices for five years, coupled with a chartered accountant's examination pass is not fully relied upon by the employers, while such is not the case with those who have actually worked as ac-

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countants. Then the position, particularly, of the holders of mere examination pass, in absence of opportunities for practical work may be better imagined than described.

This raises a pertinent question—is there any other way to obtain more reliable training to satisfy both the requirements? And we will discuss this question in the next chapter.

CHAPTER V.

Practical Training by Means of Model Sets of Books and Forms.

We have pointed out that before the establishment of accountants' societies, there was only one way to receive practical training and it was a merchant's office, and that is the best now and shall remain so forever.

So what we want is a perfect knowledge of a merchant's office and a perfect knowledge of the accountant's modern examination. And the question is—how these two could be combined, and if they could be combined to-day, why they were not combined in the past. In former times there was no sufficient literature on the subject—even enough to read for an examination. To-day the position is quite different. Thousands of accountants have recorded their vast and varied experience in thousands of books and publications, and if such experience is properly utilised in the training of the future aspirants, our present difficulties will surely be removed, and we shall now see how that could be done.

All transactions in respect of all dealings of merchants are recorded in books and forms. Books may be divided into two classes, *viz.*, (1) Financial and (2) Statistical. Financial books are divided into two classes, *viz.*, Books of Original Entry and Ledgers. Similarly the statistical books. In some cases the statistical books may be either books of entry or ledgers and in some both.

We therefore require Institutions equipped with all books—financial as well as statistical and all forms. And for this purpose model sets of books and forms corresponding with actual books and forms—employed in a merchant's office

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shall have to be brought into use; and if the students are properly instructed to use them on the modern principles of book-keeping, and the work of the students is carefully examined, criticised and corrected, the final work done by the students will remain on the record of such Institutions as a testimony of the qualifications and abilities of the students who have written them. Mere preparation for examination purposes materially differs from the training received in this way.

If facilities are provided in the shape of model sets of financial and statistical books together with necessary forms and other appliances of four or five different classes of business, such as, Banking, Insurance, Manufacturing, Trading and Non-Trading concerns and the students made to work practically on them under modern principles of book-keeping, they will have no difficulty in undertaking the responsibility in respect of actual books and forms of business. In fact they can undertake the duties of an accountant, a manager or a secretary in a merchant's office, as well as the responsibility of audits of accounts of any concern whether registered or unregistered. While it is very doubtful in cases of candidates who have undergone a mere examination training whatever may be the standard of the examination to undertake such responsible positions.

Undoubtedly the procedure is very expensive, as several sets of books and forms of different undertakings named above will have to be kept ready for the use of candidates, but if the mercantile community and our Government would extend their support at the commencement at least, as is always done in the matter of education, it would certainly pay in the long run. This method of training is sure to turn out skilled and properly qualified persons, at the cheapest cost and in a shorter period for all practical purposes.

MODEL BOOKS AND FORMS.

In order to attain its object, it would be imperative to have a proper check on the methods employed in the Institutions conducted for the purpose of practical training in book-keeping, accounting and auditing. It would be also necessary for the Government to provide facilities for the inspection of such Institutions.

With these remarks we feel confident that the methods of training by means of model sets of financial and statistical books together with forms and other appliances, in accordance with the modern principles of book-keeping and auditing would be considered the best, cheapest and the quickest.

CHAPTER VI.

Associations and Guilds.

The Indian Empire of to-day, in area, is over 18 lakhs of square miles and has a population of over $31\frac{1}{2}$ crores, comprising one-fifth of the human race, and in area, it is as large as Europe, without Russia. The vast continent of India is peopled by different races, castes and creeds and there is no sort of unity. The divisions that keep the various Indian peoples apart are more marked in India than in any other part of the world, be it Europe, America, Africa or other parts of Asia. The Maratha, the Gujarathi, the Sindhi, the Sikh, the Bengali, and the Madrasi, all differ from each other and have their own peculiarities, though all may be Hindus. However, all the same, they are the great Indian people who have at this national crisis of the British Empire, shown that the pulse of India, the heart of India, the eye of India and the ear of India, is the same and that they breathe loyalty to the British throne, which has done much to unify the Indian races. The British influence, and the Western education, with the introduction of English language as the "*Lingua Franca*" of India, has done a great deal to bring the various Indian races together. To-day we see, in a cosmopolitan city like Bombay all races under the sun, mixing together freely in various paths of life. The process of unification is daily advancing and the educated Indians are now looking forward to a day when their just aspirations will be met by the just and righteous British Government.

The entry of war although it has dislocated trade and commerce, has introduced several blessings and amongst them is the hope for the industrial regeneration of India.

ASSOCIATIONS AND GUILDS.

The Government of India and the various Local Governments are now busily enquiring into the possibilities of India becoming a self-contained continent, so far as its commerce, industry and trade are concerned.

A bright future is before the country, and it is our duty to grasp the opportunities offered to us. Japan, America and other neutral countries are organising efforts to capture the Indian market.

India is a vast continent and there is room for all fair and just competition, but India must have her share. The only way to secure her just share is to combine, and move forward. "Unity is Strength" and the development of every science and industry is dependent on it.

In England and other parts of Europe and America, every profession and trade has its Guilds, its Associations, Societies and Corporations. Some of them are very ancient. Here in India unfortunately caste, religion and creed have divided man from man, but as stated above the great process of unification is in progress.

Every trade in India must follow the European example and form "Guilds or Associations" to protect its interests and to drive the intruder away.

Similarly in the learned professions we see that the legal, the medical, the scientific, the literary, the religious, as well as the accountancy, all have their own Associations and Guilds, not only to protect their interests, but to advance their cause before the civilised world.

A survey of the position of accountants and auditors in Europe, America and the Colonies affords us another striking example of the advantages of Associations. They have not

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only monopolised the profession but they have protected themselves by charters, rules and regulations, and drawn barbed wires round themselves to keep away every outsider. The rules framed by them, makes it almost impossible for Indians to enter into their ranks, except at great sacrifice of money and time. In several respects their rules are far more rigid than that of the Civil Service, the Legal, the Medical and other professions which are open to the Indians. The English Accountants therefore, enjoy immense advantages not only in their own country, but also in India. All this advantage is due to combination and unity brought on by the working of their Associations or Guilds.

Time, therefore, is ripe when India should band itself and proceed to form Guilds and Associations, which will not only be recognised by the Indian Government, but will be on equal footing with that of Great Britain and Ireland.

The formation of Associations, Societies and Guilds, is therefore the first duty of all young aspirants who wish to make mark in the great world of accounting and auditing. There is one in Bombay, and the "first of its kind in India"—The Association of Incorporated Certified Accountants, Limited, by Guarantee. It is a body Corporate and it is governed by the Indian Companies Act, just as the Society of Incorporated Accountants and Auditors of London, which is governed by the English Companies Act as a company limited by guarantee. Main provisions of the constitution of both these associations are given in the Appendix A.

Incorporated Certified Accountant is the title of the professional members of the local Association, just as that of the members of the recognised Institutions of Accountants in Great Britain and Ireland. We have pointed out that the Institutions of Accountants recognised by our Government

were formed and established by persons who had received their training in merchants' offices and many of them were persons who had not passed the accountants' examinations. On the other hand the admission as a Junior Member in the local Association of Accountants is restricted to accountants of five years' standing. This Association requires that the future new members shall have to pass accountants' examination and in addition satisfy the Council of the Association as to the practical experience of an applicant, in accounts. The Indian Government has been contemplating the introduction of an accountancy diploma examination in India and that test will be considered sufficient to qualify new candidates in respect of examination. It cannot be denied that a thorough knowledge of book-keeping and accounts tested by public examination coupled with accountancy practice fully qualifies persons to practise the profession of accountancy and the local Association will be open to those who satisfy the Council in these respects. There is student membership in this Association and every young aspirant desirous of following the profession of accountancy has the best opportunity to enjoy the privileges of membership, except the use of the title and initials, which are restricted to Fellows and Associates of the Association. Student members have to fulfil certain conditions and the candidates eligible for the Government Accountancy Diploma Examination will be considered eligible for the student membership.

Amongst the objects of a professional association like ours the following may be mentioned as main ones:—

- (a) To protect interest of members.
- (b) To provide professional library for the use of members.

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- (c) To promote friendly intercourse amongst members by holding meetings for the reading of papers etc., and thereby encouraging the best methods of book-keeping, accounting and auditing.

The local Association has been alive to these main objects. In order to protect the interest of its members it has been in correspondence with the local Government as well as the Government of India.

There is great cry for skilled labour and efforts must be made to train Indians in their own country, and when they have Associations like the one named above ready here in India, there is no need whatever for young Indians to go to foreign countries to become qualified accountants.

Appendix A.

**Constitution of Accountants
Associations.**

**The Association of Incorporated Certified
Accountants, Bombay,**

versus

**The Society of Incorporated Accountants and
Auditors, London.**

**Comparative Main Provisions from Memorandum and
Articles of Association.**

**The Association of
Incorporated Certified
Accountants,
Limited (By Guarantee).
INCORPORATED, BOMBAY, JANUARY
1910.**

**The Society of Incorporated
Accountants and Auditors,
London.**

MEMORANDUM.

3. The objects for which
the Association is established
are:—

(a) To provide a Central
Organisation for Ac-

3. The objects for which the
Society is established are:—

(a) To provide a central
organization for Ac-

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countants and Auditors, to unite the Members of the profession into one general body, and to promote and protect the mutual interests of Members.

(b) To provide means for testing the qualifications of the candidates for admission to the professional membership of the Association by examination in theory and in practice, or by any other practical tests, and to grant certificates of qualification to the successful candidates and Diplomas to Members, enabling them to use the distinguishing letters and designation of Membership.

(c) To promote personal and friendly intercourse amongst the Members of the Association, to hold meetings for the reading of papers, and

countants and Auditors, and generally to do all such things as from time to time may be necessary to elevate the status, and procure the advancement of the interests of the profession.

(b) To provide for the better definition and protection of the profession by a system of examinations and the issue of certificates.

(c) To promote and foster in commercial circles a higher sense of the importance of systematic and correct Accounts, and to encourage a greater degree of efficiency in those engaged in book-keeping.

(d) To provide opportunities for intercourse amongst the members, and to give facilities for the reading of papers, the delivery of lectures,

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the delivery of lectures, to encourage the best methods of accounting and auditing to compile and revise lists of Members, to issue copies of papers, lectures and professional records, and generally to collect, collate and publish information of service or interest to Members of the profession and the public at large.

(d) To act as means of communication between Members or others seeking engagements as bookkeepers, accountants or auditors, and employers desirous of employing them.

(e) To acquire, extend and improve the library of the Association.

(f) To assist necessitous Members and the relatives of deceased Members to act as managers of any

and for the acquisition and dissemination, by other means, of useful information connected with the profession, and to encourage improved methods of book-keeping.

(e) To watch over, promote, and protect the mutual interests of its members.

(f) To assist necessitous members, and the widows and children or any other dependent kindred of deceased members, to act as treasurer and distributor of any benevolent fund or funds which may be contributed by members or others for these purposes or any of them and subject to the provisions of clause 4 (prohibiting payments being made to members) to make any contribution out of the surplus assets or in-

fund or funds raised for the purpose, and to make payments out of the income of the Association from time to time to such fund or funds.

(g) To purchase, or lease, rent, hold or dispose of any buildings to be used as an institute or a college, lecture or reading rooms, or any other property, real or personal, for the advancement of the above objects or any of them.

(h) To affiliate with any other body of accountants, whether in India or elsewhere for purposes of mutual benefit to the profession.

(i) To promote or to join any other body of accountants, in promoting any Act of Parliament or an Act of the Governor General-in-Council or Royal Charter with a view to the

come of the society from time to time of any such benevolent fund or funds.

(g) To purchase, have, hold, and dispose of, subject to the provisions of the 21st section of the Companies Act, 1862 any buildings to be used as an institute, college or lecture rooms or any other property, real or personal, for the advancement of the above objects, or any of them.

(h) To apply, petition for, or promote any Act of Parliament, Royal Charter, or other authority with the view of the attainment of the above objects or any of them.

(i) To do all such other lawful things as are incidental or conducive to attainment of the above objects or any of them.

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attainment of the above objects, or any of them.

(j) To do all other such lawful things as are incidental or conducive to the attainment of the above objects, or any of them.

4. The income and property of the Association whencesoever derived shall be applied solely towards the promotion of the objects of the Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus, or otherwise howsoever, by way of Profit to the members of the Association, provided that nothing herein shall prevent the payment in good faith or remuneration to any officers or servants of the Association, or to any

4. The income and property of the Society whencesoever derived, shall be applied solely towards the promotion of the objects of the society as set forth in this Memorandum of Association, and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus, or otherwise howsoever, by way of profit to the members of the society, provided that nothing herein shall prevent the payment in good faith or remuneration to any officers or servants of the socie-

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Member of the Association, or other person in return for services rendered to the Association.

ty, or to any member of the society or other person in return for any services actually rendered to the society, nor prevent the payment of interest at a rate not exceeding five per cent. on money borrowed from any member of the Society.

5. If any member of the Association pays or receives any dividend, bonus, or other profit, in contravention of the terms of the fourth section of this Memorandum his liability shall be unlimited.

6. If any member of the Society pays or receives any dividend, bonus, or other profit, in contravention of the terms of the 4th paragraph of this Memorandum, his liability shall be unlimited.

6. Every Member of the Association undertakes to contribute to the assets of the Association in the event of the same being wound up during the time that he is a Member, or within one year afterwards, for pay-

7. Every member of the Society undertakes to contribute to the assets of the Society in the event of the same being wound up, during the time that he is a member, or within one year afterwards, for payment of the debts and

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ment of the debts and liabilities of the Association contracted before the time at which he ceases to be a Member, and of the costs, charges, and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding Rs. 15, or in case of his liability being unlimited such amount as may be required in pursuance of the last preceding paragraph of this Memorandum.

7. If, upon winding up or dissolution of the Association, there remains, after the satisfaction of all its debts and liabilities any property whatever, the same shall not be paid to or distributed among the Members of the

liabilities of the Society, contracted before the time at which he ceases to be a member, and of the costs, charges, and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding £ 1, or in case of his liability becoming unlimited (as provided in clause 6 hereof), such other amount as may be required in pursuance of the last preceding paragraph of this Memorandum.

8. If upon the winding up or dissolution of the Society there remains after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the members of the Society, but

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Association but shall be given or transferred to some other institution or institutions having objects similar to the objects of this Association, to be determined by the Members of the Association at or before the time of dissolution, or in default thereof by such Judge of the High Court of Justice as may have or acquire jurisdiction in the matter.

24. True accounts shall be kept of all the sums of money received and expended by the Association, and the matter in respect of which such receipts and expenditure takes place, and of the property, credits and liabilities of the Association; and subject to any reasonable restriction as to the time and manner of inspecting the same that may be imposed

shall be given or transferred to some other institution or institutions, having objects similar to the objects of this Society to be determined by the members of the society, at or before the time of dissolution, or in default thereof, by such Judge of the High Court of Justice, as may have or acquire jurisdiction in the matter.

9. True accounts shall be kept of the sums of money received and expended by the Society, and the matter in respect of which such receipt and expenditure takes place, and of the property, credits, and liabilities of the Society and subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed

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in accordance with the regulations of the Association for the time being, shall be open to the inspection of the members. The accounts of the Association shall be examined yearly and the correctness of the Balance Sheet ascertained by one or more Auditor or Auditors, who shall be a member or members of the Association.

in accordance with the regulations of the society, for the time being, shall be open to the inspection of the members. Once at least in every year the accounts of the society shall be examined and the correctness of the balance-sheet ascertained by one or more properly qualified auditor or auditors.

ARTICLES OF ASSOCIATIONS.

~~~~~ Qualification for Fellows.

6. Every candidate for election into the class of Fellows shall be not less than twenty-three years of age, and shall comply with the following conditions.

That (a) on the date of of these presents he is a Fellow member of an incorporated society of accountants and applies to the Council within the period of two years

5.—No person (except as provided by these presents) shall be eligible for admission as a fellow of the society unless he has shown to the satisfaction of the council that he has been continuously in practice as a public accountant in the United Kingdom, the Empire of India, or any Colony or Dependency of the United King-

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from the same date for election as a Fellow, or (b) he has been carrying on public practice of an accountant and auditor in any part of India, Burma or Ceylon for a period of at least five years, or (c) he shall satisfy the Council that he is a fit and proper person to become a Fellow of the Association both in respect of his own character and in respect of the office he holds, and shall furnish the Council with such particulars as they may require with regard to the nature of his duties and as to the Public Company, Authority Body, Society, or Institution to which he is or has been attached, or (d) he shall have passed an examination or examinations required for admission of Fellows.

dom, for not less than seven years immediately prior to the date of his application, or having passed the examination for the admission of associates hereinafter mentioned, has been continuously in practice as aforesaid for not less than three years immediately prior to his application.

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Qualification for Associates.

7. Every person for election into the class of Associates shall be not less than twenty-one years of age; and shall comply with the following conditions:—

That (a) on the date of these presents he is a member of an incorporated society of accountants and applies to the Council within the period of one year from the same date for election as an Associate or (b) he has been employed by Government or a Joint Stock Company or a Corporation or public body in the capacity of an accountant or auditor for a period of at least five years, or (c) he shall satisfy the Council that he is a fit and proper person to become an Associate of the As-

6. No person (except as provided by these presents) shall be eligible for admission as an associate of the society who is not at the date of his application a public accountant or a principal clerk to a public accountant, or an accountant in the service of the Government of the United Kingdom, or of the Government of India, or of any Colony or Dependency of the United Kingdom, or of a corporation or public body, and who has not passed such an examination or examinations as the Council may from time to time, by bye-laws or otherwise, determine.

sociation, both in respect of his own character and in respect of the office he holds, and shall furnish the Council with such particulars as they may require with regard to the nature of his duties, and as to the Public Company, Authority, Body, Society or Institution to which he is or has been attached or (d) he shall have passed an examination or examinations required for admission of Associates.

Articles of Apprenticeship.

12. The Council may from time to time by bye-law determine that service under Articles of Apprenticeship with a person or firm carrying on the profession or business of an accountant and auditor or practising accountant shall be a condition precedent

8. Applicants for examination shall pay such fees as the council shall, by bye-law, from time to time direct. The council may from time to time by bye-law determine that service under Articles or Indentures of Apprenticeship with a

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to the professional examination or examinations. The Council may also by bye-law determine that the passing of a preliminary (educational) examination shall be a condition precedent to the commencement of service under such Articles and may likewise, prescribe the minimum period of service, and make, alter, amend, or revoke from time to time such other regulations in respect thereof as shall seem reasonable to the Council.

person or firm exercising the profession or business of an accountant shall be a condition precedent to the intermediate examination. The council may also by bye-law determine that the passing of a preliminary examination shall be a condition precedent to the commencement of service under such Articles or Indentures, and may likewise prescribe the minimum period of service, and make such other regulations in respect thereof as shall seem reasonable to the council.

Admission to Membership

13. Application for admission to the Association shall be made to the Council in the form prescribed for the purpose. The Council shall at their discretion

13. It shall be competent for any duly constituted meeting of the council, at which not less than one-half the members thereof shall be present, by

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(subject only to these presents and to the bye-laws for the time being in force) determine as to the admission of the applicants.

the votes of the three-fourths at least of the whole number present, in special cases to admit persons either as fellows or associates, who may not be eligible under the foregoing regulations, and it shall be in the absolute discretion of such meeting to decide whether the case before it is special or not. Provided always that the persons seeking to be so elected shall make application to the council accompanied by the proper written recommendation in the appropriate forms in schedules A and B hereto annexed.

Designation and Initials.

Fellows use the initials F.Inc.C.A., and Associates A.Inc.C.A. Fellows and Associates describe as "Incorporated Certified Accountants."

Fellows use the initials F.S.A.A., and Associates A.S.A.A. Fellows and Associates describe as "Incorporated Accountants."

Entrance Fees and Annual Subscription.

18. A Fellow, in the case of a member of an incorporated society of accountants, shall pay on admission an entrance fee of two sovereigns, and in the case of any other person (not a member of an incorporated society of accountants) four sovereigns. An Associate, in the case of a member of an incorporated society of accountants, shall pay on admission an entrance fee of one sovereign, and in the case of any other person (not a member of an incorporated society of accountants) two sovereigns. A Member shall pay on admission an entrance fee of Rupees ten, or such greater or less sum, in respect of any or all three classes of members, as the bye-laws of the Associ-

20. Persons admitted as fellows, without first becoming associates, shall pay on admission the sum of £10 10s., and associates admitted as fellows shall pay the sum of £5 5s.

21. Persons admitted as associates shall pay on admission the sum of £5 5s.

22. As from the 1st January, 1908, the following annual subscriptions shall be paid:—

(a) London members in practice, being fellows, shall pay a yearly subscription of £4 4s., and being associates shall pay a yearly subscription of £2 2s.

(b) Provincial members in practice who are resident or in practice in England and Wales, being fellows, shall pay a yearly subscription of £3

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ation shall from time to time prescribe. The Council shall have power to suspend the operation of this clause for a period not exceeding one year from the date of these presents.

19. A fellow shall pay a yearly subscription of Rs. 20, an Associate a yearly subscription of Rs. 15, and a Member a yearly subscription of Rs. 10, or such greater or less sum, in respect of any or all three classes of Members, as the bye-laws of the Association shall from time to time prescribe.

3s., and being associates shall pay a yearly subscription of £1 11s. 6d.

(c) Provincial members in practice who are neither resident nor in practice in England and Wales, being fellows, shall pay a yearly subscription of £2 2s., and being associates shall pay a yearly subscription of £1 1s.

(d) Members in practice who do not reside or practise in any part of the United Kingdom, being fellows, shall pay a yearly subscription of £1 1s., and being associates shall pay a yearly subscription of 10s. 6d.

(e) Members resident in any part of the United Kingdom who are not in practice, being fellows, shall pay a yearly subscription of £2 2s., and being associates shall pay

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yearly subscription
of £1 ls.

- (f) Members resident out of the United Kingdom who are not in practice, being fellows, shall pay a yearly subscription of £1 ls., and being associates shall pay a yearly subscription of 10s. 6d.

Every fellow of the society shall be deemed to be in practice unless and until he shall give notice in writing to the council of the society that he has ceased to be in practice.

Every existing associate of the society shall forthwith, and every new associate of the society shall, immediately upon election, give notice in writing to the council as to whether he is a practising or non-practising member, and shall be entered in the register ac-

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cordingly, and such notification shall be treated as binding until revoked by a subsequent notice in writing lodged with the society.

Every associate shall annually make a return to the society indicating whether he is a practising or non-practising member. The return shall be in such form as the council may from time to time prescribe.

A member shall be deemed to be in practice in any particular area if he shall practise the profession of a public accountant in such area or be pecuniarily interested in any such business carried on by others in such area.

A member shall be deemed to be resident in a particular area in any year if at

any time during such year he shall dwell in such area otherwise than as a temporary visitor or shall have offices in such area.

20. A year's subscription shall be payable, on admission, unless the day of admission be later than 30th June, in which event only a half-year's subscription shall be payable, and a year's subscription shall also be payable on the first day of January in each year after admission.

23. A year's subscription shall be payable on admission, unless the day of admission be later than 30th June, when only a half-year's subscription shall be so payable, and a year's subscription shall also be payable on the 1st day of January in each year after admission.

Dishonourable Conduct.

23. If any Member shall be accused of dishonourable conduct, or of conduct prejudicially affecting his professional status or the reputation of the Association, either before or after his admission in the profession, upon grounds which the

33. If any member shall in the opinion of the disciplinary committee be guilty of, or if any member shall, either before or after his admission to the profession be accused of dishonourable conduct or of conduct which would in the absence

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Council, after investigation and after hearing him, shall deem sufficient to warrant his expulsion from the Association, the Council shall convene a Special Meeting of the Council (of which meeting such member shall have fourteen days' previous notice sent to his last registered address through the Post Office), and such Member may, by a vote of two-thirds of the Members of the Council present at such meeting, be excluded, or otherwise dealt with as they may think fit, but any such decision may be at any time revoked or modified by the Council at a like meeting by the aforesaid vote.

of satisfactory explanation be derogatory to the society, or render him unfit to remain a member then the disciplinary committee shall send to such member at his last registered address through the Post Office a statement in writing of the conduct imputed to him and shall afford him an opportunity of giving an explanation personally or in writing as he may elect.

34. If on the consideration of such explanation or in the absence of any explanation the disciplinary committee shall be of opinion that such member ought to be excluded from the society, it shall state its opinion in the form of a report to be laid before the council.

35 On any report being laid before the council by the disciplinary committee recommending the exclusion of a member, a special meeting of the council shall be convened (of which meeting at least 7 days' notice shall be sent to such member at his last registered address through the Post Office), and such member may by a vote of two-thirds of the members of the council present at such special meeting be excluded or otherwise dealt with as the council may think fit, but any such decision may be at any time revoked or modified by the council at a like meeting by such a majority as aforesaid, subject to such terms and conditions (if any) as to the council may seem fit.

Appendix B.

Indian Auditors Certificates Rules. Ajmer-Merwara.

**Orders by the Honourable the Chief Commissioner
of Ajmer-Merwara.**

Notification.

Dated Mount Abu, the 8th September 1914.

No. 1422-1292A:—In exercise of the powers conferred by section 144 (2) of the Indian Companies Act, VII of 1913, the Hon'ble the Chief Commissioner is pleased to prescribe the following rules for the grant of certificates entitling the holders thereof to act as auditors of companies.

RULES.

I. In these rules unless there is something repugnant in the context—

- (a) The Act means the Indian Companies Act (VII of 1913).
- (b) Restricted certificate means a certificate empowering the holder to act as an auditor of those companies only whose registered offices are situated in Ajmer-Merwara.
- (c) Unrestricted certificate means a certificate empowering the holder to act as an auditor of companies throughout British India.

II. A permanent unrestricted certificate in Form I of the Appendix to these rules may be granted under section 144 (2) of the Act to any person qualified in all the four following respects:—

- (a) by the passing of such examination in accountancy as may from time to time be recognized by the Hon'ble the Chief Commissioner in this behalf;
- (b) by general competency in the opinion of the Hon'ble the Chief Commissioner to audit the accounts of companies, Life Assurance Companies and Provident Insurance Societies throughout British India;
- (c) by membership of a Society, Institute or Association of Accountants hereafter notified by the Government of the United Provinces of Agra and Oudh as worthy of recognition not being an institution exempted under the proviso to section 144 (1) of the Act; and
- (d) by five years practical experience in the auditing of accounts:

Provided that it shall be open to the Hon'ble the Chief Commissioner to waive in exceptional circumstances qualifications (a) or (c) or both.

III. A permanent restricted certificate in Form II of the appendix to these rules may be granted under section 144 (2) of the Act.

- (1) To any person to whom a permanent unrestricted certificate may be granted under the preceding rule.
- (2) To any person qualified in all the four following respects:—

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- (a) by the passing of such examination in accountancy as may from time to time be recognized by the Hon'ble the Chief Commissioner in this behalf;
- (b) by competency in the opinion of the Hon'ble the Chief Commissioner to audit the accounts of companies and Provident Insurance Societies in Ajmer-Merwara;
- (c) by membership of any Society, Institute or Association of Accountants hereafter notified by the Government of the United Provinces of Agra and Oudh as worthy of recognition not being an institution exempted under the proviso to section 144 (1) of the Act; and
- (d) by five years practical experience in the auditing of accounts :

Provided that it shall be open to the Hon'ble the Chief Commissioner to waive in exceptional circumstances qualifications (a) or (c) or both.

IV. The Hon'ble the Chief Commissioner on being satisfied that an applicant possesses qualifications (b), (c) and (d) prescribed in rule II may grant him an unrestricted provisional certificate under the Act for a period not exceeding two years. The certificate shall be in form III of the appendix to these rules:

Provided that it shall be open to the Hon'ble the Chief Commissioner to waive in exceptional circumstances qualification (c).

V. The Hon'ble the Chief Commissioner on being satisfied that an applicant possesses qualifications (b), (c) and (d) prescribed in rule III (2) may grant him restricted certificate

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under the Act for a period not exceeding two years. The certificate shall be in form IV of the appendix to these rules.

Provided that it shall be open to the Hon'ble the Chief Commissioner to waive in exceptional circumstances qualification (c).

VI. The Hon'ble the Chief Commissioner may at any time and for such cause as he may consider to be sufficient cancel any certificate granted by him under these rules.

VII. Applications for certificates under the preceding rules shall be made to the Commissioner of Ajmer-Merwara who will, with his opinion, submit them for the orders of the Hon'ble the Chief Commissioner.

APPENDIX.

FORM I.

Unrestricted Certificate.

(Section 144 (2), Act VII of 1913.)

This is to certify that
is entitled to act as an Auditor of all Companies referred to
in Section 144 (2) of the Indian Companies Act (VII of 1913)
throughout British India.

Dated the 19 . } First Assistant to the Chief
Commissioner, Ajmer-Merwara.

NOTE 1.—The Hon'ble the Chief Commissioner in granting this certificate has not exercised the authority vested in him by Section 144 (2) of Act VII of 1913, to limit to Ajmer-Merwara the right of the holder to act as an auditor of Companies Accounts.

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NOTE 2.—The holder is also entitled:—

- (i) in view of the provisions of rule 11-A of the rules issued by the Governor-General-in-Council under Section 39 (2) (a) of Act VI of 1912 to audit the accounts of Life Assurance Companies throughout British India;
- (ii) in view of the provisions of the rules to be issued by the Hon'ble the Chief Commissioner under Section 24 (2) (e) of Act V of 1912 to audit the accounts of Provident Insurance Societies in Ajmer-Merwara; and
- (iii) to audit the accounts of Provident Insurance Societies in other provinces subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of Act V of 1912.

NOTE 3.—The Hon'ble the Chief Commissioner may at any time for such cause as he deems sufficient cancel this certificate.

FORM II.

Restricted Certificate.

(Section 144 (2), Act VII of 1913.)

This is certify that
is entitled to act as an auditor of all companies referred to
in Section 144 (2) of the Indian Companies Act (VII of 1913)
whose registered offices are situated in Ajmer-Merwara.

DATED }
The 191. } First Assistant to the Chief
 Commissioner of Ajmer-Merwara.

NOTE 1.—The holder of this certificate is entitled to act as
an auditor of such companies only whose registered offices are
situated in Ajmer-Merwara.

AUDITORS CERTIFICATES RULES: AJMER-MERWARA.

NOTE 2.—In view of the provisions of the rules to be published by the Hon'ble the Chief Commissioner under Section 24 (2) (e) of Act V of 1912, the holder is also entitled to audit the accounts of Provident Insurance Societies in Ajmer-Merwara.

NOTE 3.—The Hon'ble the Chief Commissioner may at any time for such cause as he deems sufficient cancel this certificate.

FORM III.

Unrestricted Certificate (Provisional).

(Section 144 (2), Act VII of 1913.)

This is to certify that
is entitled to act as an auditor of all companies referred to
in Section 144 (2) of the Indian Companies Act (VII of 1913)
throughout British India for a period of two years from the
date of this certificate.

DATED 191 . } First Assistant to the Chief
 Commissioner of Ajmer-Merwara.

NOTE 1.—The Hon'ble the Chief Commissioner in granting this certificate has not exercised the authority vested in him by Section 144 (2) of Act VII of 1913 to limit to Ajmer-Merwara the right of the holder to act as an auditor of Companies Accounts.

NOTE 2.—The holder is also entitled—

(2) in view of the provisions of rule II-A of the rules issued by the Governor General-in-Council under Section 39 (2) (a) of Act VI of 1912 to audit the accounts of Life Assurance Companies throughout British India ;

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- (ii) in view of the provisions of the rules to be issued by the Hon'ble the Chief Commissioner under Section 24 (2) (e) of Act V of 1912 to audit the accounts of Provident Insurance Societies in Ajmer-Merwara; and
- (iii) to audit the accounts of Provident Insurance Societies in other provinces subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of Act V of 1912.

NOTE 3.—The Hon'ble the Chief Commissioner may at any time for such cause as he deems sufficient cancel this certificate.

FORM IV.

Restricted Certificate (Provisional).

Section 144 (2), Act VII of 1913.

This is to certify that
is entitled to act as an auditor of all companies referred to in Section 144 (2) of the Indian Companies Act (VII of 1913) whose registered offices are situated in Ajmer-Merwara for a period of two years from the date of this certificate.

DATED, } First Assistant to the Chief
The 191 . } Commissioner of Ajmer-Merwara.

NOTE 1.—The holder of this certificate is entitled to act as an auditor of such companies only whose registered offices are situated in Ajmer-Merwara for the period during which the certificate lasts.

NOTE 2.—In view of the provisions of the rules to be published by the Hon'ble the Chief Commissioner under Section 24 (2) (e) of Act V of 1912, the holder is also entitled to audit the accounts of Provident Insurance Societies in Ajmer-Merwara.

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NOTE 3.—The Hon'ble the Chief Commissioner may at any time for such cause as he deems sufficient cancel this certificate.

By order,
R. E. A. HAMILTON, MAJOR,
First Assistant to the Hon'ble
the Chief Commissioner, Ajmer-Merwara..

Bengal.

Notn. No. 1032 Com., dated 24th March 1914.

In pursuance of Sub-section (2) of Section 144 of the Indian Companies Act, 1913 (VII of 1913), the Governor-in-Council is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies, and the conditions and restrictions on and subject to which such certificates shall be granted.

H. L. STEPHENSON,
Secretary to the Government of Bengal.

RULES.

1. (1) The Local Government shall, upon receipt of an application in this behalf from—

(a) any member of—

(i) the Central Association of Accountants,
Limited,

(ii) the London Association of Accountants,
Limited,

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(iii) the Institution of Certified Public Accountants, or

(iv) the Corporation of Accountants, Limited, who has had at least five years' practical experience in auditing accounts, or

(b) any other person who has had at least five years' practical experience in auditing accounts and who can satisfy the Local Government as to his competency,

grant to any such member or person a certificate, entitling the holder thereof to act as an auditor of Companies.

(2) Every such certificate shall remain in force for a period of two years from the date thereof unless it is previously cancelled under these rules :

Provided that, subject to cancellation under these rules, the Local Government may, in exceptional cases, issue such a certificate without limiting the period for which it is to remain in force.

2. (1) Every application for such a certificate shall be made through the Registrar of Companies, and must be accompanied by proof of practical experience in auditing for five years.

(2) An applicant under clause (b) of rule 1 must also furnish in addition satisfactory references of character.

3. An application on behalf of a firm of accountants consisting of more than one member must be made in the name of the firm, and must state the name and qualifications of each member of the firm.

4. The Local Government may refuse to grant a certificate to, or, after a certificate has been granted, may cancel the certificate of, any person—

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- (1) who has been convicted of a non-bailable offence by a competent Court,
- (2) whom the Local Government after due inquiry considers to have been guilty of unprofessional conduct, or
- (3) who has been adjudged bankrupt, or has made an assignment for the benefit of his creditors.

5. (1) The Local Government shall maintain a register in which shall be entered the name and address of each person or firm to whom a certificate has been granted under these rules.

(2) When a certificate is cancelled, the name of the person or firm to whom it was granted shall be removed from the said register.

Bihar and Orissa.

Notification No. ⁵¹⁸⁸_{L. J-7.} R., dated 15th June 1914.

In exercise of the powers conferred on him by subsection (2) of Section 144 of the Indian Companies Act, 1913 (Act VII of 1913), the Lieutenant-Governor-in-Council is pleased to prescribe the following rules for the grant of certificates entitling the holders thereof to act as auditors of companies:—

RULES.

1. Certificates may be either restricted or unrestricted.

A restricted certificate will entitle the holder thereof to act as an auditor of companies within the limits of the **Pro-**

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vince of Bihar and Orissa only. It shall be in Form **A** annexed to these rules and shall be signed by a Secretary to Government.

An unrestricted certificate will entitle the holder thereof to act as an auditor of companies throughout British India. It shall be in Form **B** annexed to these rules and shall be signed by a Secretary to Government.

2. All applications for certificates must be addressed to the Local Government and must specify whether a restricted or unrestricted certificate is required. The applicant must state his qualifications in full and furnish references regarding his character and previous occupation. An unrestricted certificate will not be granted to any person who does not appear to be fully qualified to audit the accounts of Life Assurance Companies.

3. Certificates will ordinarily be granted only to persons who have passed such examination as may be prescribed by the Government of India or the Local Government.

Provided that in exceptional cases, where the age of the applicant or other circumstances render it undesirable to insist on his passing the prescribed examination, the Local Government may grant a certificate to an applicant who, though he has not passed such examination, satisfies the conditions prescribed in the first proviso to Rule 4.

4. Certificates shall remain in force permanently.

Provided that a certificate, which shall remain in force for a period of two years only from the date of issue, may be granted to any person who has had at least five years' practical experience in auditing accounts of companies registered in India or under any enactment in force in the United Kingdom of Great Britain and Ireland for the registration or incorporation of Joint Stock Companies or Fire, Life

AUDITORS CERTIFICATES RULES: BIHAR AND ORISSA.

or Marine Insurance Societies and is otherwise considered by the Lieutenant-Governor-in-Council to be a fit person for appointment as auditor.

Provided also that the Lieutenant-Governor-in-Council may at any time and for such cause as he may consider sufficient, suspend or cancel any certificate granted under these rules.

FORM A.

Under the provisions of Section 144 (2) of Act, VII of 1913 of
is hereby entitled to act as an auditor of companies registered under the Indian Companies Act, 1913 (Act VII of 1913) within the Province of Bihar and Orissa.

This certificate shall remain in force from the date of issue ^{permanently} until the 19 unless suspended or cancelled by the orders of the Local Government.

Dated 19 . } Secretary to Government.

1. This certificate is valid throughout the Province of Bihar and Orissa only.

2. In view of the provisions of Rule 17 (2) of the rules published by the Lieutenant-Governor of Bihar and Orissa-in-Council under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912, (Act V of 1912), the holder of this certificate is entitled to audit the accounts of Provident Insurance Societies within the limits of the Province of Bihar and Orissa.

FORM B.

Under the Provisions of Section 144 (2) of Act VII of 1913 of
is hereby entitled to act as an auditor of companies registered under the Indian Companies Act, 1913 (Act VII of 1913) throughout British India.

This certificate shall remain in force from the date of issue ^{Permanently} until the 19 unless suspended or cancelled by the orders of the Local Government.

Dated 19 . } Secretary to Government.

1. The Local Government have not exercised in respect of this certificate the authority granted to them under Section 144 (2) of the Indian Companies Act, 1913 (Act VII of 1913) to limit to the Province of Bihar and Orissa the right of the holder to audit the accounts of companies. This right may therefore be exercised throughout British India.

2. In view of the provisions of Rule 11 A of the rules issued by the Governor-General-in-Council under Section 39 (2) (a) of the Life Assurance Companies Act, 1912 (Act VI of 1912), the holder of this certificate is entitled to audit the accounts of Life Assurance Companies throughout British India.

3. In view of the provisions of Rule 17 (2) of the rules issued by the Government of Bihar and Orissa under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912 (Act V of 1912), the holder of this certificate is entitled to audit the accounts of Provident Insurance Societies within the Province of Bihar and Orissa and to audit the accounts

of Provident Insurance Societies in any other province of British India, subject to any restrictions imposed by the Local Government concerned by rule framed under Section 24 (2) (e) of Act V of 1912.

Bombay.

Revenue Department.

BOMBAY CASTLE *1st April 1914*

No. 3068.

In exercise of the powers conferred by sub-section (2) of Section 144 of the Indian Companies Act, 1913 (hereinafter referred to as the said Act), the Governor-in-Council is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies:—

Short Title and Commencement.

1. (i) These rules may be called—the Bombay Auditors Certificates Rules, 1914.
- (ii) They shall come into force on the first day of April 1914.

Exemption of duly notified Institutions or Associations.

2. Nothing in these rules shall affect the members of any institution or association duly notified by the Governor General-in-Council under the proviso to sub-section (1) of Section 144 of the said Act.

Auditors Council.

3. An Auditors Council shall be established for the Presidency of Bombay to aid the Governor-in-Council in the

examination of applications for auditors' certificates, in the issue and cancellation thereof and, generally, in carrying out the purposes and objects of these rules.

Auditors Council to consist of five members.

4. The Auditors Council shall consist of five members appointed in the following manner, namely:—

- (a) an official President nominated by the Governor-in-Council; and
- (b) four non-official members also nominated by the Governor-in-Council.

Tenure of office.

5. (i) The members of the Auditors Council shall hold office for three years, and shall be capable of re-appointment.

(ii) Any member may at any time resign his appointment by letter addressed to the Secretary to Government Revenue Department.

(iii) Upon the death or resignation of any member of the Auditors Council, some other person shall be nominated by the Governor-in-Council and such person shall hold office for the remainder of the period for which the member in whose place he is appointed was nominated.

(iv) (a) Leave of absence from India may be granted by the Governor-in-Council to any member of the Auditors Council for a period not exceeding six months.

(b) If any member of the Auditors' Council departs from India without the leave of the Governor-in-Council or does not return to India within the period of the leave granted by the Governor-in-Council, the Governor-in-Council may declare his seat vacant and such declaration shall have the same effect as resignation of his seat by the member concerned.

Time and place of meeting.

6. The Auditors' Council shall hold their meetings at such times and places as the President of the Auditors' Council shall appoint.

Ex-officio Secretary.

7. The Registrar of Companies, Bombay, shall be *Ex-officio* Secretary of the Auditors' Council.

Details to be furnished by applicants.

8. (i) Every person desirous of obtaining an auditor's certificate shall apply in the first instance to the Secretary to the Auditors' Council.

(ii) He shall state in his application his full name, age, caste, residence and qualifications, and he shall also furnish,—

- (a) If he has passed any examination in auditing or accountancy, a certificate to that effect, and
- (b) If he has served in any firm of auditors or accountants, particulars thereof and the period for which he may so have served, and
- (c) If he has audited independently the accounts of any companies, the names of such companies and the number of the accounts so audited.

(iii) He shall state in his application whether he has at any time applied for an auditor's certificate from any other Local Government in India and the result of such application.

(iv) He shall supply such further information bearing on his application as the Auditors' Council or the Governor-in-Council may at any time require from him.

**Auditors' Council not to pass final orders, but
to make recommendations.**

9. The Auditors' Council shall not pass final orders regarding the grant or refusal of certificates, but shall make recommendations to the Governor-in-Council. Recommendations of the Auditors' Council shall be in accordance with the majority of the votes of the members, the President in case of equality of votes having also a casting vote:

Provided that no recommendation for the grant of a certificate shall be made in the case of any person who—

(a) has not attained the age of 21, and

(b) has not in the opinion of the Auditors' Council adequate practical experience for at least five years in auditing accounts.

BOMBAY CASTLE, *23rd March 1915.*

No. 3465:—In exercise of the powers conferred by sub-section (2) of section 144 of the Indian Companies Act, 1913 (VII of 1913), the Governor-in-Council is pleased to amend the Bombay Auditors Certificates Rules, 1914, published in Government Notification in the Revenue Department, No. 3068, dated the 1st April 1914, as follows, namely:—

To rule 9 of the said rules, the following note shall be added, namely:—

NOTE.—In the case of those applicants whose practical experience in audit of accounts of companies falls short of the qualifying period, but who, prior to undertaking actual audit work, have undergone a training under a chartered or recognised accountant or in a commercial school of standing, or have spent time in obtaining a diploma from an institution of

AUDITORS CERTIFICATES RULES: BOMBAY.

accountants although such institution may not be among the recognised bodies, this period of training should not be disregarded but should be taken into account in reckoning the qualifying period of five years for the grant of temporary restricted certificates.

By order of His Excellency
the Right Honourable the Governor-in-Council,
G. CARMICHAEL,
Chief Secretary to Government.

Powers of the Governor-in-Council.

10. The Governor-in-Council may pass such orders on the recommendations of the Auditors' Council as he may think fit.

11. (i) An auditor's certificate may be either restricted that is to say, valid throughout the Presidency of Bombay but not outside such Presidency; or such certificate may be unrestricted, that is to say, valid throughout British India.

(ii) A restricted certificate shall be in Form A and an unrestricted certificate shall be in Form B appended to these rules.

(iii) An auditor's certificate shall be valid either for a limited or for an unlimited period as may be specified in such certificate.

Bombay Castle, 16th June 1914.

No. 5615.—In exercise of the powers conferred by subsection (2) of Section 144 of the Indian Companies Act, 1913 (VII of 1913), the Governor-in-Council is pleased to amend the Bombay Auditors Certificates Rules, 1914, published in Government Notification in the Revenue Department, No. 3068, dated the 1st April 1914, as follows, namely:—

HOW TO BECOME A QUALIFIED ACCOUNTANT.

Below rule 11 of the said rules, the following rule shall be inserted, namely,

“11A.—(1) No person shall be entitled to an auditor's certificate except on payment to the Secretary of the Auditors' Council of a fee at the following rate, namely;—

	Rs.	a.	p.
(a) For a permanent unre- stricted certificate ...	100	0	0
(b) For a permanent restrict- ed certificate ...	75	0	0
(c) For a provisional unre- stricted certificate ...	50	0	0
(d) For a provisional restrict- ed certificate ...	37	8	0
(2) Such fee shall be credited by the Secre- tary of the Auditors' Council to the Governor in Council.”			

By order of His Excellency
the Right Honourable the Governor-in-Council,
G. S. CURTIS,
Acting Chief Secretary to Government.

Register of Auditors.

12. The Secretary of the Auditors' Council shall keep a register of every person to whom an auditor's certificate has been issued by the Governor-in-Council. The name, residence and qualifications of every such person shall be entered in the register with the date on which the certificate was granted. It shall be the duty of the Secretary to keep the register correct and up-to-date. The register shall be open to the inspection of the public at a fee of 8 annas.

Cancellation of certificates.

13. The Governor-in-Council may at any time direct the cancellation of a certificate which has been issued under these rules to any person who after the due enquiry by the Auditors' Council has been found guilty by them of negligence or dishonesty in any professional respect, whereupon the Secretary of the Auditors' Council shall remove the name of such person from the register.

**Validity of auditors' certificates granted by other
Local Governments.**

14. The holder of a certificate granted by any other Local Government in British India, under sub-section (2) of Section 144 of the said Act, shall, unless such certificate expressly restricts or limits the exercise of the right, be entitled throughout the Presidency of Bombay to act as an auditor of companies and to the same privileges as the holder of an unrestricted certificate granted by the Governor of Bombay in Council.

Forms of Auditors' Certificates.

(See Rule 11.)

FORM A.

*(Restricted Certificate, that is to say, valid throughout the
Presidency of Bombay, but not outside such Presidency.)*

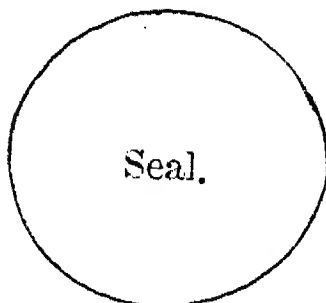
Under the provisions of sub-section (2) of Section 144 of the Indian Companies Act, 1913 (VII of 1913), the Governor of Bombay in Council is pleased to grant to you

A	B		
residing at	in the district of		this certificate
which shall entitle you to act as an	Auditor	of	Companies

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throughout the Presidency of Bombay *(for the period
from the day of 191 to the
day of 191 inclusive).

Dated this day of 191 .



By order of His Excellency the
Right Honourable the Governor-in-
Council.

Under Secretary to Government,
Revenue Department

Note.—In view of the provisions of rule of the
rules under Section 24 (2) (e) of the Provident Insurance So-
cieties Act, 1912 (V of 1912), published in Government Noti-
fication in the Revenue Department, No. dated the

191 , the holder of this certificate is also entitled to
audit the accounts of Provident Insurance Societies within
the limits of the Presidency of Bombay.

FORM B.

*(Unrestricted Certificate, that is to say, valid throughout British
India.)*

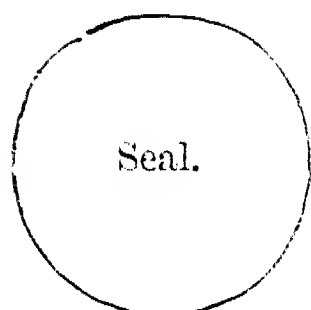
Under the provisions of sub-section (2) of Section 144 of
the Indian Companies Act, 1913 (VII of 1913), the Governor
of Bombay in Council is pleased to grant to you

A B
residing at in the district of this certificate
which shall entitle you to act as an Auditor of Companies
throughout British India*(for the period from the

*The portion in brackets is to be omitted if the certificate
is to be a permanent one and the words "for an unlimited period"
substituted.

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day of 191 to the day of
 191 inclusive).
 Dated this day of 191 .



By order of His Excellency the
 Right Honourable the Governor-in-
 Council.

Under Secretary to Government,
 Revenue Department.

Note (1).—The Governor-in-Council has not exercised in respect of this certificate the authority granted to him under Section 144 (2) of the Indian Companies Act, 1913 (VII of 1913), to limit to the Presidency of Bombay the right of the holder to audit companies' accounts. This right may therefore be exercised throughout British India.

Note (2).—The holder of this certificate is also entitled—

(i) in view of the provisions of rule of the rules issued by the Governor General-in-Council under Section 39 (2) (a) of the Indian Life Assurance Companies Act, 1912 (VII of 1912), and published in the Notification of the Government of India in the Department of

No. dated the 191 , to audit the accounts of Life Assurance Companies throughout British India;

(ii) in view of the provisions of rule of the rules issued by the Governor-in-Council under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912 (V of 1912), published in Government Notification in the Revenue Department No. dated the

191 , to audit the accounts of Provi-

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dent Insurance Societies within the Presidency of Bombay; and

- (iii) to audit the accounts of Provident Insurance Societies in other Provinces, subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912 (V of 1912).

By order of His Excellency
the Right Honourable the Governor
of Bombay in Council,

G. S. CURTIS,

Acting Chief Secretary to Government.

Burma.

Notification No 51, dated 28th May 1914.

In exercise of the powers conferred by Section 144, sub-section (2) of the Indian Companies Act, 1913, the Lieutenant Governor is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of Companies, and the conditions and restrictions on and subject to which such certificates shall be granted.

Note.—Under the provisions of the Indian Companies Act the following persons only are entitled to act in **Burma** as auditors of companies:—

- (1) Members of any institution or association specified as so entitled in any notification issued by the Government of India under the proviso to Section 144, sub-section (1), of the said Act.

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(2) Persons holding—

(a) certificates granted under the following rules, or

(b) certificates granted under the rules made by any other Local Government under Section 144, sub-section (2), of the said Act, entitling the holders thereof to act as auditors of companies throughout British India.

RULES.

1. The Local Government may grant certificates entitling the holders thereof to act as auditors of companies, to persons who have had at least five years' practical experience in auditing accounts and can satisfy the Local Government as to their competency and character.

2. Such certificates shall ordinarily limit the exercise of the right thereby conferred to the Province of Burma. Certificates which are not so restrictive shall be issued only to persons of exceptional competency, experience and trustworthiness.

3. Every application for a certificate shall be made in writing through the Collector, Rangoon Town, and shall be accompanied by proofs of the experience, competency and character of the applicant.

4. Every certificate shall ordinarily remain in force for two years from the date thereof or until it is cancelled.

5. The Local Government may refuse to grant a certificate to or may cancel any certificate hereunder granted to any person—

(1) who has been convicted of a non-bailable offence, or

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- (2) whom the Local Government after due enquiry considers to have been guilty of unprofessional conduct, or
- (3) who has been adjudicated insolvent or has made an assignment of his property for the benefit of his creditors generally.

6. The Local Government shall maintain register in which shall be entered the name and address of every person to whom a certificate is granted under these rules, and the date when such certificate expires or is cancelled.

7. Certificates shall be in the following forms:—

FORM A.

(Unrestricted.)

Certificate under Section 144 (2) of the Indian Companies Act, 1913.

This is to certify that _____ is entitled to audit the accounts of companies.

NOTE.—The Local Government has not exercised in respect of this certificate the authority granted to it under Section 144 (2) of Act VII of 1913 to limit to the Province of Burma the right of the holder to audit companies' accounts. This right may therefore be exercised throughout British India

The holder is also entitled,—

- (i) in view of the provisions of the rules issued by the Governor General-in-Council under Sections 39 (2) (a) of Act VI of 1912, to audit the accounts of Life Assurance Companies throughout British India; and,
- (ii) in view of the provisions of the rules issued by the Local Government under section 24 (2) (e)

AUDITORS CERTIFICATES RULES: BURMA.

of Act V of 1912, to audit the accounts of Provident Insurance Societies within the Province of Burma; and

(iii) to audit the accounts of Provident Insurance Societies in other Provinces subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of Act V of 1912.

This certificate is issued on the day of
19 and will expire on the day of 19 .
Revenue Secretary to
the Government of Burma.

FORM B.

(Restricted to Burma.)

**Certificate under Section 144 (2) of the Indian
Companies Act, 1913.**

This is to certify that is
entitled to audit the accounts of companies within the limits
of the Province of Burma.

NOTE.—In view of the provisions of the rule published
by the Local Government under Section 24 (2) (e) of Act V
of 1912, the holder is also entitled to audit the accounts of
Provident Insurance Societies within the limits of the Pro-
vince of Burma.

This certificate is issued on the day of
19 and will expire on the day of 19 .

Revenue Secretary to the
Government of Burma,
W. J. KEITH,
Offg. Revenue Secretary
to the Government of Burma.

Central Provinces and Berar.

Notification.

Nagpur, the 15th July 1914.

No. 680.—In exercise of the powers conferred upon him by Section 144, sub-section (2), of the Indian Companies Act, 1913 (VII of 1913), and under the same section of the same Act as applied to Berar, the Chief Commissioner is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of Companies:—

RULES.

1. These rules shall be called the Central Provinces and Berar Rules (1914) for auditors under the Indian Companies Act.

2. In these rules unless there is anything repugnant in the context—

“Restricted Certificate” means a certificate entitling the holder to act as an auditor of Companies within the local limits of jurisdiction of the Local Government which granted the certificate.

“Unrestricted certificate” means a certificate entitling the holder to act as an auditor of Companies throughout British India.

3. No person who is a member of any institution or association notified by the Governor General-in-Council under Section 144, sub-section (1) of the Act, shall be required to obtain a certificate to act as an auditor in the Central Provinces and Berar.

4. No person who has been granted an unrestricted certificate under Section 144, sub-section (2) of the Act, by any other Local Government, shall be required to obtain

a certificate to act as an auditor in the Central Provinces and Berar.

5. No person who has been granted a restricted certificate under Section 144, sub-section (2) of the Act, by any other Local Government shall be appointed or act as an auditor in the Central Provinces and Berar unless and until he has obtained a certificate from the Local Government of the Central Provinces and Berar.

6. All applications for auditor's certificates shall be made to the Secretary to the Chief Commissioner in the Department of Commerce and Industry, and shall be accompanied, in the case of an unrestricted certificate, by a fee of Rs. 50, and in the case of a restricted certificate by a fee of Rs. 20.

Provided that if a restricted certificate is at any subsequent date converted into an unrestricted certificate any fee paid on account of the restricted certificate shall be taken into account in recovering the prescribed fee on account of the unrestricted certificate.

Provided, further, that if a provisional certificate granted under the rule next following is at any subsequent time converted into a permanent certificate, restricted or unrestricted, the fee paid under Rule 8 on account of the provisional certificate shall be taken into account in recovering the fee prescribed by this rule on account of the permanent certificate.

7. No person shall be eligible for a certificate unless he shall have obtained a diploma of efficiency from such body of Examiners as may be recognized by the Chief Commissioner.

Provided that, unless and until any body of Examiners is so recognized, a provisional certificate may be granted

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to any person who shall satisfy the Chief Commissioner that he (the applicant) has had at least five years' experience in auditing accounts; such provisional certificate shall not remain in force for more than two years after the date of its grant.

Provided, further, that if in any case the Chief Commissioner is satisfied of the competence of any applicant to act as an auditor, and it is not considered desirable on account of the applicant's age or for any other reason to insist on an examination, a permanent certificate may be granted without examination.

8. A fee of Rs. 20 shall be paid by each applicant for a provisional certificate under the foregoing rule.

9. It shall be open to the Chief Commissioner at any time, and for such cause as he may consider to be sufficient, to cancel any certificate granted by him under these rules.

10. Certificates, restricted or unrestricted, shall be granted in the respective forms prescribed below.

Restricted Certificate.

In accordance with the powers conferred on him by Rule 10 of the rules framed under Section 144, sub-section (2), of the Indian Companies Act, 1913 (VII of 1913), and under the same section of the same Act as applied to Berar, the Chief Commissioner is pleased to grant to

a certificate to act as an auditor of Companies.

The holder of this certificate is entitled to audit Companies' accounts within the limits of the Central Provinces and Berar.

In view of the Provisions of Rule (2) of the rules published by the Local Government under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912 (V of 1912), and under the same section of the same Act as applied to Berar,

the holder is also entitled to audit the accounts of Provident Insurance Societies within the limits of the Central Provinces and Berar.

Unrestricted Certificate.

In accordance with the powers conferred on him by Rule 10 of the rules framed under Section 144, sub-section (2), of the Indian Companies Act, 1913 (VII of 1913), and under the same section of the same Act as applied to Berar, the Chief Commissioner is pleased to grant to
a certificate to act as an auditor of Companies.

The Local Government has not exercised in respect of this certificate the authority granted to it under Section 144 (2) of the Act to limit to the Central Provinces and Berar the right of the holder to audit Companies' accounts. This right may therefore be exercised throughout British India.

The holder is also entitled—

- (i) in view of the provisions of Rule 11-A of the rules issued by the Governor General-in-Council under Section 39 (2) (a) of the Indian Life Assurance Companies Act, 1912 (VI of 1912), to audit the accounts of Life Assurance Companies throughout British India; and
- (ii) in view of the provisions of Rule (2) of the rules issued by the Local Government under Section 24 (2) (e) of the Provident Insurance Societies Act 1912 (V of 1912), and under the same section of the same Act as applied to Berar, to audit the accounts of Provident Insurance Societies within the Central Provinces and Berar; and
- (iii) to audit the accounts of Provident Insurance Societies in other Provinces subject to any restrictions imposed by the Local Governments con-

cerned by rule under Section 24 (2) (e) of the Provident Insurance Societies Act, 1912 (V of 1912.)

C. G. LEFTWICH,

Third Secretary to the
Chief Commissioner, Central Provinces.

Madras.

Notn. No. 265, dated Fort St. George, March 31, 1914.

In exercise of the powers conferred on him by section 144 (2) of the Indian Companies Act, 1913, His Excellency the Governor-in-Council is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies:—

RULES.

I. In these rules—

- (1) “Restricted certificate” means a certificate entitling the holder to act as an auditor of companies within the limits of the Presidency of Madras only.
- (2) “Unrestricted certificate” means a certificate entitling the holder to act as an auditor of companies throughout British India.

II. The Local Government may grant to any person, other than a member of an institution or association specified by notification of the Governor-General-in-Council under the proviso to Section 144 (1) of the Act, but who has had not less than five years’ practical experience of auditing accounts, a certificate authorizing him to audit the accounts of companies. Such certificates shall be valid for two years

from date of issue and may from time to time be renewed for any period not exceeding two years: provided that permanent certificates may be granted in exceptional cases.

III. A certificate granted under rule II shall be either restricted or unrestricted and shall be in Form A or Form B in the Schedule hereto annexed.

IV. A restricted certificate shall specify the language or languages, accounts in which the holder shall be entitled to audit, and the holder thereof shall be entitled to audit accounts in such language or languages only.

V. Applications for certificates shall be made through the Inspector-General of Registration.

VI. It shall be open to the Local Government at any time and for such cause as they may consider to be sufficient to cancel any certificate granted by them under these rules.

SCHEDULE.

FORM A.

Restricted Certificate.

This is to certify that _____ is entitled to act as an auditor of companies, subject to the rules for the grant of certificates to auditors published by the Government under Section 144 (2) of the Indian Companies Act, VII of 1913 in Notification No. 266, dated 31st March 1914. The holder is authorized to audit the accounts of Companies only in _____ language(s).

This certificate expires on _____ 19 .

Date of issue _____ 191 . } Secretary to Government.

NOTE.—The holder of this certificate is entitled to audit companies' accounts within the limits of the Presidency of Madras only.

FORM B.

Unrestricted Certificate.

This is to certify that _____ is entitled to act as an auditor of companies, subject to the rules for the grant of certificates to auditors published by the Government under Section 144 (2) of the Indian Companies Act, VII of 1913, in Notification No. 266, dated 31st March 1914.

This certificate expires on _____ 19 .

Date of issue 191 . } Secretary to Government.

NOTES.—(1) The Local Government have not exercised in respect of this certificate the authority granted to them under Section 144 (2) of Act VII of 1913 to limit to the Presidency of Madras the right of the holder to audit companies' accounts. This right may therefore be exercised throughout British India.

(2) The holder is also entitled to audit the accounts of Provident Insurance Societies in Provinces other than Madras subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of Act V of 1912.

Mysore.

From the Gazette of India, February 14th 1914.

IX. No person shall be appointed as an auditor who is a director, member, officer or agent of the Society.

(1) Nor unless he is a fellow or member of one of the following institutes and societies:—

(a) The Institute of Chartered Accountants in England and Wales.

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- (b) The Society of Incorporated Accountants and Auditors, London.
- (c) The Society of Accountants in Edinburgh.
- (d) The Institute of Accountants and Actuaries in Glasgow.
- (e) The Society of Accountants in Aberdeen.
- (f) The Institute of Chartered Accountants in Ireland.

(2) Nor unless he has obtained a certificate from the Resident in *Mysore* to the following effect:—

- (a) that he either has obtained the diploma in Commerce at the Madras Government Technical Examinations or passed the London Chamber of Commerce Book-keeping and Accountancy Examination and has, in addition, had at least five years' experience in auditing accounts or
- (b) that he is a retired Government Accountant with at least five years' official experience of audit, or a person who has been employed for at least five years to audit municipal or local fund accounts, or
- (c) that he has practised as an auditor for five years and holds a certificate of competency from a firm of chartered accountants, or
- (d) that he has practised as an auditor for five years and has independently conducted not less than 20 audits of the accounts of mercantile firms or six audits of the accounts of registered companies.

(3) A certificate granted under clause (2) shall be valid for two years.

Punjab.

Notification No. 493 dated 9th April 1914.

In exercise of the powers conferred by Section 144 (2) of the Indian Companies Act, VII of 1913, the Lieutenant Governor is pleased to prescribe the following rules for the grant of certificates entitling the holders thereof to act as auditors of companies:—

RULES.

1. The Local Government will, at its discretion, according to the qualifications of applicants, grant certificates in any of the forms attached to these rules, entitling the holders thereof to be auditors of companies.

2. "Unrestricted" certificates (forms I and II) entitle the holders to act as auditors of companies throughout British India.

"Restricted" certificates (Forms III and IV) entitle the holders to act as auditors of companies within the Province of the *Punjab only*.

Certificates may be either permanent or provisional and the Local Government may at any time cancel any certificate for reasons which it deems sufficient.

3. Permanent certificates (Forms I and III) will ordinarily be granted only to applicants who have passed such examination as may hereafter be prescribed, but in exceptional cases the Local Government may, at its discretion, grant permanent certificates without examination.

4. "Unrestricted" certificates, whether permanent or provisional, will be granted only to persons possessing exceptional qualifications.

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5. "Restricted certificates" will ordinarily be granted provisionally for a period of two years to persons who have been auditing the accounts of registered companies for a period of not less than five years prior to the date of this notification.

6. Applications for the grant of certificates should be forwarded to the Local Government, through the Registrar, Joint Stock Companies, and should be accompanied by a list of the balance sheets audited by the applicant during the last five years, together with copies of the auditors' reports. Applicants may also be called upon to supply any further information required by Government prior to the grant of a provisional certificate.

7. No fee will be charged for a certificate issued under these rules.

FORM I.

Permanent Unrestricted Certificate.

This certificate ("unrestricted") granted under Section 144 (2) of the Indian Companies Act (VII of 1913), entitles A B to act as an auditor of companies throughout British India.

The holder is also entitled—

(i) in view of the provisions of rule—of the rules issued by the Governor General-in-Council under Section 39 (2) (a) of Act VI of 1912 to audit the accounts of Life Assurance Companies throughout British India;

(ii) in view of the provisions of rule 1 (a) issued by the Local Government under Section 24 (2) (e) Act V of 1912 to audit the accounts of Pro-

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vident Insurance Societies within the Province of the Punjab; and

- (iii) to audit the accounts of Provident Insurance Societies in other provinces, subject to any restrictions imposed by the Local Governments concerned by rule under Section 24 (2) (e) of Act V of 1912.

NOTE.—The Local Government has not exercised in respect of this certificate the authority granted to it under Section 144 (2) of Act VII of 1913 to limit to the province of the Punjab the right of the holder to audit companies' accounts. This right may therefore be exercised throughout British India.

Dated

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Secretary to Government, Punjab.

FORM II.

Provisional Unrestricted Certificate.

This certificate ("unrestricted"), granted under Section 144 (2) of the Indian Companies (Act VII of 1913), entitles A B to act as an auditor of companies throughout British India, for a period of two years from the date of issue (that is from to).

The holder is also entitled—

- (i) in view of the provisions of rule—of the rules issued by the Governor General-in-Council under Section 39 (2) (a) of Act VI of 1912 to audit the accounts of Life Assurance Companies throughout British India;
- (ii) in view of the provisions of rule 1 (a) issued by the Local Government under Section 24 (2) (e) of Act V of 1912 to audit the accounts of Pro-

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vident Insurance Societies within the province of the Punjab; and

- (iii) to audit the accounts of Provident Insurance Societies in other provinces, subject to any restrictions imposed by the Local Government concerned by rule under Section 24 (2) (e) of Act V of 1912.

NOTE.—The Local Government has not exercised in respect of this certificate the authority granted to it under Section 144 (2) of Act VII of 1913 to limit to the province of the Punjab the right of the holder to audit companies' accounts. This right may therefore be exercised throughout British India.

Dated } Secretary to Government, Punjab.

FORM III.

Permanent Restricted Certificate.

This certificate ("restricted"), granted under Section 144 (2) of the Indian Companies Act (Act VII of 1913), entitles A B to act as an auditor of companies in the Punjab, except such companies as are required to be registered under the Indian Life Assurance Companies Act (Act VI of 1912).

In view of the provisions of rule 1 (a), issued by the Local Government under Section 24 (2) (e) of Act V of 1912, the holder is also entitled to audit the accounts of Provident Insurance Societies within the limits of the Province of the Punjab.

NOTE.—The holder of this certificate is entitled to audit companies' accounts within the limits of the province of the Punjab only.

Dated } Secretary to Government, Punjab.

FORM IV.

Provisional Restricted Certificate.

This certificate ("restricted") granted under Section 144 (2) of the Indian Companies Act (Act VII of 1913), entitles A B to act for a period of two years from the date of issue, (that is, from to) as an auditor of companies in the Punjab, except such companies as are required to be registered under the Indian Life Assurance Companies Act (Act VI of 1912.)

In view of the provisions of rule 1 (a), published by the Local Government under Section 24 (2) (e) of Act V of 1912, the holder is also entitled to audit the accounts of Provident Insurance Societies within the limits of the province of the Punjab.

NOTE.—The holder of this certificate is entitled to audit companies' accounts within the limits of the province of the Punjab only.

Dated } Secretary to Government, Punjab.

United Provinces of Agra and Oudh:

Notification No. 860-VII-312, dated 25th June 1914.

In exercise of the powers conferred by Section 144 (2) of the Indian Companies Act, VII of 1913, the Lieutenant Governor is pleased to prescribe the following rules for the grant of certificates entitling the holders thereof to act as auditors of companies.

RULES.

1.—In these rules unless there is something repugnant in the context,—

- (a) The Act means the Indian Companies Act (VII of 1913).
- (b) Restricted Certificate means a certificate empowering the holder to act as an auditor of those companies only whose registered offices are situated within the *United Provinces of Agra and Oudh*.
- (c) Unrestricted certificate means a certificate empowering the holder to act as an auditor of companies throughout British India.

II.—A permanent unrestricted certificate in form 1 of the Appendix to these rules may be granted under Section 144 (1) of the Act to any person qualified in all the four following respects:—

- (a) by the passing of such examination in accountancy as may from time to time be prescribed or recognized by the Local Government in this behalf;
- (b) by general competency in the opinion of the Local Government to audit the accounts of companies, Life Assurance Companies and Provident Insurance Societies throughout British India;
- (c) by membership of a Society, Institute or Association of Accountants hereafter notified by the Local Government as worthy of recognition not being an institution exempted under the proviso to Section 144 (1) of the Act; and
- (d) by five years' practical experience in the auditing of accounts.

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Provided that it shall be open to the Local Government to waive, in exceptional circumstances, qualifications (a) or (c) or both.

III.—A permanent restricted certificate in form II of the Appendix to these rules may be granted under Section 144 (1) of the Act:—

(1) to any person to whom a permanent unrestricted certificate may be granted under the preceding rule;

(2) to any person qualified in all the four following respects:—

(a) by the passing of such examination in accountancy as may from time to time be prescribed or recognised by the Local Government in this behalf;

(b) by competency in the opinion of the Local Government to audit the accounts of Companies and Provident Insurance Societies within the United Provinces;

(c) by membership of any Society, Institute, or Association of Accountants hereafter notified by the Local Government as worthy of recognition not being an institution exempted under the proviso to Section 144 (1) of the Act; and

(d) by five years' practical experience in the auditing of accounts:

Provided that it shall be open to the Local Government to waive, in exceptional circumstances, qualifications (a) or (c) or both.

IV.—The Local Government, on being satisfied that an applicant possesses qualifications (b), (c) and (d) prescribed

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in rule II, may grant him an unrestricted provisional certificate under the Act for a period not exceeding two years. The certificate shall be in form III of the Appendix to these rules.

Provided that it shall be open to the Local Government to waive, in exceptional circumstances, qualification (c).

V. The Local Government, on being satisfied that an applicant possesses qualifications (b), (c) and (d) prescribed in rule III (2), may grant him a restricted provisional certificate under the Act for a period not exceeding two years. The certificate shall be in form IV of the Appendix to these rules.

Provided that it shall be open to the Local Government to waive, in exceptional circumstances, qualification (c).

VI. The Local Government may at any time and for such cause as it may consider to be sufficient cancel any certificate granted by it under these rules.

VII. Applications for certificates under the preceding rules shall be made to the Local Government in the Industries Department through the Registrar, Joint Stock Companies.

FORM I.

Unrestricted Certificate.

(Section 144 (2) Act VII of 1913.)

This is to certify that _____ is entitled to act as an auditor of all companies referred to in Section 144 (2) of the Indian Companies Act (VII of 1913), throughout British India.

Dated _____

} _____ Secretary to Government.

HOW TO BECOME A QUALIFIED ACCOUNTANT.

NOTE 1.—The Local Government in granting this certificate has not exercised the authority vested in it by Section 144 (2) of Act VII of 1913 to limit to the United Provinces of Agra and Oudh the right of the holder to act as an auditor of Companies Accounts.

NOTE 2.—The Local Government may at any time for such cause as it deems sufficient cancel this certificate.

FORM II.

Restricted Certificate.

(Section 144 (2) act VII of 1913.)

This is to certify that _____ is entitled to act as an auditor of all companies referred to in Section 144 (2) of the Indian Companies Act (VII of 1913), whose registered offices are situated within the United Provinces of Agra and Oudh.

Dated

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Secretary to Government.

NOTE 1.—The holder of this certificate is entitled to act as an auditor of such companies only whose registered offices are situated within the United Provinces of Agra and Oudh.

NOTE 2.—The Local Government may at any time for such cause as it deems sufficient cancel this certificate.

FORM III.

Unrestricted Certificate (Provisional).

(Section 144 (2), act VII of 1914.)

This is to certify that _____ is entitled to act as an auditor of all companies referred to in Section 144 (2) of the

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Indian Companies Act (VII of 1913) throughout British India for a period of two years from the date of this certificate.

Dated } Secretary to Government.

NOTE 1.—The Local Government in granting this certificate has not exercised the authority vested in it by Section 144 (2) of Act VII of 1913 to limit to the United Provinces of Agra and Oudh the right of the holder to act as an auditor of Companies Accounts.

NOTE 2.—The Local Government may at any time for such cause as it deems sufficient cancel this certificate.

FORM IV.

(Restricted Certificate (Provisional.)

(Section 144 (2), Act VII of 1913.)

This is to certify that is entitled to act as an auditor of all companies referred to in Section 144 (2) of the Indian Companies Act (VII of 1913), whose registered offices are situated within the United Provinces of Agra and Oudh for a period of two years from the date of this certificate.

Dated } Secretary to Government.

NOTE 1.—The holder of this certificate is entitled to act as an auditor of such companies only whose registered offices are situated within the United Provinces of Agra and Oudh for the period during which the certificate lasts.

NOTE 2.—The Local Government may at any time for such cause as it deems sufficient cancel this certificate.

Appendix C.

Statutory Provisions Relating to Accountants and Auditors.



The Indian Companies Act 1913.

Definitions.

2. (7) “existing company” means a company formed and registered under the Indian Companies Act, 1866, or under any Act or Acts repealed thereby, or under the Indian Companies Act, 1882.

(9) “manager” includes any person occupying the position of a manager by whatever name called and whether under a contract of service or not.

(11) “officer” includes any director, manager or secretary but, save in Sections 235, 236, and 237, does not include an auditor.

(13) “private company” means a company which

(i) by its articles—

(a) restricts the right to transfer its shares and

(b) limits the number of its members (exclusive of persons who are in the employ of the company) to fifty; and

(c) prohibits any invitation to the public to subscribe for any shares or debentures of the company: and

(ii) continues to observe such restrictions, limitations and prohibitions:

Provided that where two or more persons hold one or more shares in a company jointly they shall, for the purposes of this definition, be considered as a single member :

(14) "prospectus" means any prospectus, notice, circular, advertisements or other invitation, offering to the public for subscription or purchase any shares or debentures of a company.

Register of Members.

31. (1) Every company shall keep in one or more books a register of its members, and enter therein the following particulars :—

- (i) the names and addresses, and the occupations, if any, of the members, and in the case of a company having a share capital, a statement of the shares held by each member, distinguishing each share by its number, and of the amount paid or agreed to be considered as paid on the shares of each member;
- (ii) the date at which each person was entered in the register as a member;
- (iii) the date at which any person ceased to be a member.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

Annual list of Members and Summary.

32. (1) Every company having a share capital shall once at least in every year make a list of all persons who on

the day of the first or only ordinary general meeting in the year, are members of the company, and of all persons who have ceased to be members since the date of the last return or (in the case of the first return) of the incorporation of the company.

(2) The list shall state the names, addresses, and occupations of all the past and present members therein mentioned, and the number of shares held by each of the existing members at the date of the returns, specifying shares transferred since date of the last return or (in the case of the first return) of the incorporation of the company by persons who are still members and persons who have ceased to be members respectively and the dates of registration of the transfers, and shall contain a summary distinguishing between shares issued for cash and shares issued as fully or partly paid up otherwise than in cash, and specifying the following particulars—

- (a) the amount of the share capital of the company and the number of the shares into which it is divided;
- (b) the number of shares taken from the commencement of the company up to the date of the return;
- (c) the amount called up on each share;
- (d) the total amount of calls received;
- (e) the total amount of calls unpaid;
- (f) the total amount of the sums (if any) paid by way of commission in respect of any shares or debentures, or allowed by way of discount in respect of any debentures, since the date of the last return;
- (g) the total number of shares forfeited;

- (h) the total amount of shares or stock for which share-warrants are outstanding at the date of the return;
- (i) the total amount of share-warrants issued and surrendered respectively since the date of the last return;
- (k) the number of shares or amount of stock comprised in each share-warrant;
- (l) the names and addresses of the persons who at the date of the return are the directors of the company and of the persons (if any) who at the said date are the managers of the company; and
- (m) the total amount of debt due from the company in respect of all mortgages and charges which are required to be registered with the registrar under this Act.

(3) The above list and summary shall be contained in a separate part of the register of members, and shall be completed within seven days after the day of the first or only ordinary general meeting in the year, and the company shall forthwith file with the registrar a copy signed by a director or by the manager or the secretary of the company, together with a certificate from such director, manager or secretary that the list and summary state the facts as they stood on the day aforesaid.

(4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

Inspection of Register of Members.

36. (1) The register of members commencing from the date of the registration of the company, shall be kept at the registered office of the company, and, except when closed under the provisions of this Act, shall during business hours (subject to such reasonable restrictions, as the company in general meeting may impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member gratis, and to the inspection of any other person on payment of one rupee, or such less sum as the company may prescribe, for each inspection.

(2) Any member or other person may require a copy of the register, or of any part thereof, or of the list and summary required by this Act, or any part thereof, on payment of six annas for every hundred words or fractional part thereof required to be copied.

(3) If any inspection or copy required under this section is refused, the company shall be liable for each refusal to a fine not exceeding twenty rupees and to a further fine not exceeding twenty rupees for every day during which the refusal continues, and every officer of the company who knowingly authorises or permits the refusal shall be liable to the like penalty, and the Court may by order compel an immediate inspection of the register.

Effect of Conversion of Shares into Stock.

52. Where a company having a share capital has converted any of its shares into stock, and filed notice of the conversion with the registrar, all the provisions of this Act which are applicable to shares only shall cease as to so much of the share capital as is converted into stock; and the register of members of the company, and the list of members to be filed with the registrar, shall show the amount of stock

held by each member instead of the amount of shares and the particulars relating to shares hereinbefore required by this Act.

Notice of Increase of Share Capital or of Members.

53. (1) Where a company having a share capital, whether its shares have or have not been converted into stock, has increased its share capital beyond the registered capital, and where a company not having a share capital has increased the number of its members beyond the registered number, it shall file with the registrar, in the case of an increase of share capital, within fifteen days after the passing, or in the case of a special resolution the confirmation, of the resolution authorising the increase, and in the case of an increase of members within fifteen days after the increase was resolved on or took place, notice of the increase of capital or members, and the registrar shall record the increase.

(2) If a company makes a default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

Annual General Meeting.

76. (1) A general meeting of every company shall be held once at the least in every year, and not more than fifteen months after the holding of the last preceding general meeting, and if not so held, the company and every officer of the company, who is knowingly a party to the default, shall be liable to a fine not exceeding five hundred rupees.

(2) When default has been made in holding a meeting of the company in accordance with the provision of this section, the Court may, on the application of any member of

the company, call or direct the calling of a general meeting of the Company.

Statutory Meeting of Company.

77. (1) Every company limited by shares and registered after the commencement of this Act shall, within a period of six months from the date at which the company is entitled to commence business, hold a general meeting of the members of the company which shall be called the statutory meeting.

(2) The directors shall, at least ten days before the day on which the meeting is held, forward a report (in this Act called "the statutory report") to every member of the company and to every other person entitled under this Act to receive it.

(3) The statutory report shall be certified by not less than two directors of the company or, where there are less than two directors, by the sole director and shall state—

- (a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up otherwise than in cash, and stating in the case of shares partly paid up the extent to which they are so paid up, and in either case the consideration for which they have been allotted;
- (b) the total amount of cash received by the company in respect of all the shares allotted distinguished as aforesaid;
- (c) an abstract of the receipts of the company whether from its share capital or from debentures, and of the payments made thereout, up to a date within seven days of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and de-

bentures and other sources, the payments made thereout and particulars concerning the balance remaining in hand and an account or estimate of the preliminary expenses of the company;

(d) the names, addresses and descriptions of the directors, auditors (if any), managers (if any) and secretary of the company;

(e) the particulars of any contract, the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification.

(4) The statutory report shall, so far as it relates to the shares allotted by the company and to the cash received in respect of such shares and to the receipts and payments of the company on capital account, be certified as correct by the auditors (if any) of the company.

(5) The directors shall cause a copy of the statutory report, certified as by this section required, to be filed with the registrar forthwith after the sending thereof to the members of the company.

(6) Every director of the company who knowingly and wilfully authorises or permits a default in complying with the provisions of sub-section (2) or sub-section (5) shall be liable to a fine not exceeding twenty rupees for every day during which the default continues.

(7) The directors shall cause a list showing the names, descriptions and addresses of the members of the company, and the number of shares held by them respectively, to be produced at the commencement of the meeting, and to remain open and accessible to any member of the company during the continuance of the meeting.

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(8) The members of the company present at the meeting shall be at liberty to discuss any matters relating to the formation of the company, or arising out of: statutory report, whether previous notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.

(9) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or subsequently to the former meeting, may be passed, and the adjourned meeting shall have the same powers as an original meeting.

(10) If a petition is presented to the Court in manner provided by Part V for winding up the company on the ground of the default in filing the statutory report or in holding the statutory meeting, the Court may, instead of directing that the company be wound up, give directions for the statutory report to be filed or a meeting to be held, or make such other order as may be just.

(11) The provisions of this section as to the forwarding and, filing of the statutory report shall not apply in the case of a private company.

Filing of Prospectus.

92. (1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated, and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorised in writing, shall be filed for registration with the registrar on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.

(3) The registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been filed for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so filed, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding fifty rupees for every day from the date of the issue of the prospectus until a copy thereof is so filed.

Specific Requirements as to Particulars of Prospectus.

93. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company shall state—

(a) the contents of the memorandum, with the names descriptions and addresses of the signatories and the number of shares subscribed for by them respectively; and the number of founders or management or deferred shares (if any) and the nature and extent of the interest of the holders in the property and profits of the company; and

(b) the number of shares (if any) fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors; and

(c) the names, descriptions and addresses of the directors or proposed directors and of the managers or proposed managers (if any); and

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- (d) the minimum subscription on which the directors may proceed to allotment, and the amount payable on application and allotment on each share; and in the case of a second or subsequent offer of shares the amount offered for subscription on each previous allotment made within the two preceding years, and the amount actually allotted, and the amount (if any) paid on the shares so allotted; and
- (e) the number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or agreed to be issued; and
- (f) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares or debentures to the vendor, and where there is more than one separate vendor or the company is a sub-purchaser, the amount so payable to each vendor: Provided that where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors; and

- (g) the amount (if any) paid or payable as purchase-money in cash, shares or debentures, for any such property as aforesaid, specifying the amount (if any) payable for goodwill; and
- (h) the amount (if any) paid within the two preceding years or payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company: or the rate of any such commission: Provided that it shall not be necessary to state the commission payable to sub-underwriters; and
- (i) the amount or estimated amount of preliminary expenses; and
- (k) the amount paid within the two preceding years or intended to be paid to any promoter, and the consideration for any such payment; and
- (l) the dates of, and parties to, every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected: Provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or to any contract entered into more than two years before the date of issue of the prospectus; and
- (m) the names and addresses of the auditors (if any) of the company; and
- (n) full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be

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aquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company; and

(o) where the company is a company having shares of more than one class, the right of voting at meetings of the company conferred by the several classes of shares respectively.

(2) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary in the advertisement to specify the contents of the memorandum, or the signatories thereto, and the number of shares subscribed for by them.

(3) This section shall not apply to a circular or notice inviting existing members or debenture holders of a company to subscribe either for shares or for debentures of the company, whether with or without the right to renounce in favour of other persons.

(4) The requirements of this section as to the memorandum and the qualification, remuneration and interest of directors, the names, descriptions and addresses of directors or proposed directors, and of managers or proposed managers, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date at which the company is entitled to commence business.

(5) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act apart from this section.

Power to pay certain Commissions and Prohibition of Payment of all other Commissions, Discounts, etc.

105. (1) It shall be lawful for a company to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, if the payment of the commission is authorised by the articles, and the commission paid or agreed to be paid does not exceed the amount or rate so authorised and if the amount or rate per cent. of the commission paid or agreed to be paid is—

(a) in the case of shares offered to the public for subscription, disclosed in the prospectus; or

(b) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and filed with the registrar and, where a circular or notice, not being a prospectus inviting subscription for the shares is issued, also disclosed in that circular or notice.

(2) Save as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance, to

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any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring, or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase-money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase-money or contract price, or otherwise.

(3) Nothing in this section shall affect the power of any company to pay such brokerage as it has heretofore been lawful for a company to pay, and a vendor to, promoter of, or other person who receives payment in money or shares from a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been legal under this section.

Statement in Balance-Sheet as to Commissions and Discounts.

106. Where a company has paid any sums by way of commission in respect of any shares or debentures, or allowed any sums by way of discount in respect of any debentures, the total amount so paid or allowed or so much thereof as has not been written off, shall be stated in every balance-sheet of the company until the whole amount thereof has been written off.

Power of Company to pay Interest out of Capital in certain cases.

107. Where any shares of a company are issued for the purpose of raising money to defray the expenses of the

construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions in this section mentioned, and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant:

Provided that—

- (1) no such payment shall be made unless the same is authorised by the articles or by special resolution;
- (2) on such payment, whether authorised by the articles or by special resolution, shall be made without the previous sanction of the Local Government, which sanction shall be conclusive evidence for the purposes of this section that the shares of the company, in respect of which such sanction is given, have been issued for a purpose specified in this section;
- (3) before sanctioning any such payment, the Local Government may, at the expense of the Company, appoint a person to inquire and report to such Local Government as to the circumstances of the case, and may, before making the appointment, require the company to give security for the payment of the costs of the inquiry;
- (4) the payment shall be made only for such period as may be determined by the Local Government; and such period shall in no

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case extend beyond the close of the half-year next after the half-year during which the works or buildings have been actually completed or the plant provided;

- (5) the rate of interest shall in no case exceed four per cent. per annum or such lower rate as the Governor General-in-Council may, by notification in the Gazette of India, prescribe;
- (6) the payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid;
- (7) the accounts of the company shall show the share capital on which, and the rate at which, interest has been paid out of capital during the period to which the accounts relate;
- (8) nothing in this section shall affect any company to which, the Indian Railway Companies Act, 1895, or the Indian Tramways Act, 1902, applies.

Filing of Accounts of Receivers.

119. (1) Every receiver of the property of a company who has been appointed under the powers contained in any instrument, and who has taken possession, shall once in every half-year while he remains in possession, and also on ceasing to act as receiver, file with the registrar an abstract in the prescribed form of his receipts and payments during the period to which the abstract relates, and shall also on ceasing to act as receiver, file with the registrar notice to that effect, and the registrar shall enter the notice in the register of mortgages and charges.

(2) Every receiver who makes default in complying with the provisions of this section shall be liable to a fine not exceeding five hundred rupees.

Company's Register of Mortgages.

123. (1) Every limited company shall keep a register of mortgages and enter therein all mortgages and charges specifically affecting property of the company, giving in each case a short description of the property mortgaged or charged, the amount of the mortgage or charge and (except in the case of securities to bearer) the names of the mortgagees or persons entitled thereto.

(2) If any director, manager or other officer of the company knowingly and wilfully authorises or permits the omission of any entry required to be made in pursuance of this section, he shall be liable to a fine not exceeding five hundred rupees.

Company to keep Proper Books of Account.

130. Every company shall keep proper books of account in which shall be entered full, true and complete accounts of the affairs and transactions of the company.

Annual Balance-Sheet.

131. (1) Every company shall, once at least in every year and at intervals of not more than fifteen months, cause the accounts of the company to be balanced and a balance-sheet to be prepared.

(2) The balance-sheet shall be audited by the auditor of the company as hereinafter provided, and the auditor's report shall be attached thereto, or there shall be inserted at the foot thereof a reference to the report, and the report shall be read before the company in general meeting and shall be open to inspection by any member of the company

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(3) Every company other than a private company shall send a copy of such balance-sheet so audited to the registered address of every member of the company at least seven days before the meeting at which it is to be laid before the members of the company, and shall deposit a copy at the registered office of the company for the inspection of the members of the company during a period of at least seven days before that meeting.

(4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding one thousand rupees, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

Contents of Balance-Sheet.

132. (1) The balance-sheet shall contain a summary of the property and assets and of the capital and liabilities of the company giving such particulars as will disclose the general nature of those liabilities and assets and how the value of the fixed assets has been arrived at.

(2) The balance-sheet shall be in the form marked F in the Third Schedule or as near thereto as circumstances admit.

Authentication of Balance-Sheet.

133. (1) Save as provided by sub-section (2) the balance-sheet shall—

- (i) in the case of a banking company, be signed by the manager (if any) and, where there are more than three directors of the company, by at least three of those directors and, where there are not more than three directors, by all the directors;

- (ii) in the case of any other company, be signed by two directors or, when there are less than two directors, by the sole director and by the manager (if any) of the company.

(2) When the total number of directors of the company for the time being in British India is less than the number of directors whose signatures are required by sub-section (1), then the balance-sheet shall be signed by all the directors for the time being in British India, or, if there is only one director for the time being in British India, by such director, but in such a case there shall be subjoined to the balance-sheet a statement signed by such directors or director explaining the reason for non-compliance with the provisions of sub-section (1).

(3) If any copy of a balance-sheet which has not been signed as required by this section is issued, circulated or published, the company and every officer of the company who is knowingly a party to the default shall be punishable with fine which may extend to five hundred rupees.

Copy of Balance-Sheet and Auditor's Report to be forwarded to the Registrar.

134. (1) After the balance-sheet has been laid before the company at the general meeting, a copy thereof signed by the manager or secretary of the company shall be filed with the registrar at the same time as the copy of the annual list of members and summary prepared in accordance with the requirements of Section 32.

(2) If the general meeting before which a balance-sheet is laid does not adopt the balance-sheet, a statement of that fact and of the reasons therefor shall be annexed to the balance-sheet and to the copy thereof required to be filed with the registrar.

(3) This section shall not apply to a private company.

(4) If a company makes default in complying with the requirements of this section, the company and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty as is provided by Section 32 for a default in complying with the provisions of that section.

Right of Member of Company to copies of the Balance-Sheet and the Auditor's Report.

135. Save as otherwise provided in this Act, any member of a company shall be entitled to be furnished with copies of the balance-sheet and the auditor's report at a charge not exceeding six annas for every hundred words or fractional part thereof.

Certain Companies to publish Statement in Schedule.

136. (1) Every company being a limited banking company or an insurance company or a deposit, provident or benefit society shall, before it commences business, and also on the first Monday in February and the first Monday in August in every year during which it carries on business, make a statement in the form marked G in the Third Schedule, or as near thereto as circumstances will admit.

(2) A copy of the statement shall be displayed and, until the display of the next following statement, kept displayed in a conspicuous place in the registered office of the company, and in every branch office or place where the business of the company is carried on.

(3) Every member and every creditor of the company shall be entitled to a copy of the statement on payment of a sum not exceeding eight annas.

(4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not

exceeding fifty rupees for every day during which the default continues; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

(5) This section shall not apply to a life assurance company or provident insurance society to which the provisions of the Indian Life Assurance Companies Act, 1912, or of the Provident Insurance Societies Act, 1912, as the case may be, as to the annual statements to be made by such company or society apply with or without modifications, if the company or society complies with those provisions.

Investigation of Affairs of Company by Inspectors.

138. The Local Government may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the Local Government may direct—

- (i) in the case of a banking company having a share capital, on the application of members holding not less than one-fifth of the shares issued;
- (ii) in the case of any other company having a share capital, on the application of members holding not less than one-tenth of the shares issued;
- (iii) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members ;
- (iv) in the case of any company, on a report by the registrar under Section 137, sub-section (5).

Application for Inspection to be supported by Evidence.

139. An application by members of a company under Section 148 shall be supported by such evidence as the Local

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Government may require for the purpose of showing that the applicants have good reason for, and are not actuated by malicious motives in, requiring the investigation; and the Local Government may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry.

Inspection of Books and Examination of Officers.

140. (1) It shall be the duty of all persons who are or have been officers of the company to produce to the inspectors all books and documents in their custody or power relating to the company.

(2) An inspector may examine on oath any such person in relation to its business, and may administer an oath accordingly.

(3) If any person refuses to produce any book or document which under this section it is his duty to produce, or to answer any question relating to the affairs of the company, he shall be liable to a fine not exceeding fifty rupees in respect of each offence.

Results of Examination how dealt with.

141. (1) On the conclusion of the investigation the inspectors shall report their opinion to the Local Government, and a copy of the report shall be forwarded by the Local Government to the registered office of the company, and a further copy shall at the request of the applicants for the investigation, be delivered to them.

(2) The report shall be written or printed, as the Local Government directs.

(3) All expenses of, and incidental to, the investigation shall be defrayed by the applicants unless the Local

Government directs the same to be paid by the company, which the Local Government is hereby authorised to do.

Power of Company to appoint Inspectors.

142. (1) A company may by special resolution appoint inspectors to investigate its affairs.

(2) Inspectors so appointed shall have the same powers and duties as inspectors appointed by the Local Government, except that, instead of reporting to the Local Government, they shall report in such manner and to such persons as the company in general meeting may direct.

(3) All persons who are or have been officers of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the Local Government.

Report of Inspectors to be Evidence.

143. A copy of the report of any inspectors appointed under this Act, authenticated by the seal of the company whose affairs they have investigated, shall be admissible in any legal proceeding as evidence of the opinion of the inspectors in relation to any matter contained in the report.

Qualifications and Appointment of Auditors.

144. (1) No person shall be appointed or act as an auditor of any company other than a private company unless he holds a certificate from the Local Government entitling him to act as an auditor of companies:

Provided that the Governor General-in-Council may, by notification in the Gazette of India, declare that the members of any institution or association specified in such notification

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shall be entitled to be appointed and to act as auditors of companies throughout British India.

(2) The Local Government shall, by notification in the local official Gazette, make rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies and may by such rules provide the conditions and restrictions on and subject to which such certificate shall be granted. The holder of such a certificate shall be entitled to act as an auditor of companies throughout British India unless such certificate restricts or limits the exercise of the right.

(3) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

(4) If an appointment of an auditor is not made at an annual general meeting, the Local Government may, on the application of any member of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

(5) The following persons; that is to say,

- (i) a director or officer of the company; and
- (ii) a partner of such director or officer; and
- (iii) in the case of a company other than a private company, any person in the employment of such director or officer,

shall not be appointed auditors of the company.

(6) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a member of the company to the company not less than fourteen days before such annual general meeting, and the company shall send a

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copy of any such notice to the retiring auditor, and shall give notice thereof to its members either by advertisement or in any other mode allowed by the articles not less than seven days before the annual general meeting:

Provided that, if after notice of the intention to nominate an auditor has been given to the company, an annual general meeting is called for a date fourteen days or less after the notice has been given, the requirements of this section as to time in respect of such a notice shall be deemed to have been satisfied, and the notice to be sent or given by the company may, instead of being sent or given within the time required by this section, be sent or given at the same time as the notice of the annual general meeting.

(7) The first auditors of the company may be appointed by the directors before the statutory meeting, and if so appointed shall hold office until the first annual general meeting, unless previously removed by a resolution of the members of the company in general meeting, in which case such members at that meeting may appoint auditors.

(8) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

(9) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any auditors appointed before the statutory meeting, or to fill any casual vacancy, may be fixed by the directors.

Powers and Duties of Auditors.

145. (1) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, and shall be entitled to require from

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the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.

(2) The auditors shall make a report to the members of the company on the accounts examined by them, and on every balance-sheet laid before the company in general meeting during their tenure of office, and the report shall state—

(a) whether or not they obtained all the information and explanations they have required; and

(b) whether, in their opinion, the balance-sheet referred to in the report is drawn up in conformity with the law; and

(c) whether such balance-sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

(3) In the case of a banking company, if the company has branch banks beyond the limits of India, it shall be sufficient if the auditor is allowed access to such copies of and extracts from the books and accounts of any such branch as have been transmitted to the head office of the company in British India.

Rights of Preference Shareholders, as to receipt and inspection of Reports, etc.

146. (1) Holders of preference shares and debentures of a company shall have the same right to receive and inspect the balance-sheets of the company and the reports of the auditors and other reports as is possessed by the holders of ordinary shares in the company.

(2) This section shall not apply to a private company nor to a company registered before the commencement of this Act.

Official books to be kept by Liquidator in winding up.

182. The official liquidator of a company which is being wound up by the Court shall keep, in manner prescribed, proper books in which he shall cause to be made entries or minutes of proceedings at meetings, and of such other matters as may be prescribed, and any creditor or contributory may, subject to the control of the Court, personally or by his agent inspect any such books.

Penalty for Falsification of Books.

236. If any director, manager, officer or contributory of any company being wound up destroys, mutilates, alters or falsifies or fraudulently secrets any books, papers, or securities, or makes, or is privy to the making of, any false or fraudulent entry in any register book of account or document belonging to the company with intent to defraud or deceive any person, he shall be liable to imprisonment for a term which may extend to seven years and shall also be liable to fine.

Requirements as to Companies established outside British India.

277. (1) Every company incorporated outside British India which at the commencement of this Act has a place of business in British India, and every such company which after the commencement of this Act establishes such a place of business within British India shall, within six months from the commencement of this Act or within one month from the establishment of such place of business, as the case may be, file with the registrar in the province in which such place of business is situated,—

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- (a) a certified copy of the charter, statutes or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English language, a certified translation thereof;
- (b) the full address of the registered or principal office of the company;
- (c) a list of the directors and managers (if any) of the company;
- (d) the names and addresses of some one or more persons resident in British India authorised to accept on behalf of the company service of process and any notices required to be served on the company.

and, in the event of any alteration being made in any such instrument or in such address or in the directors or managers or in the names or addresses of any such persons as aforesaid, the company shall, within the prescribed time, file with the registrar a notice of the alteration.

(2) Any process or notice required to be served on the company shall be sufficiently served, if addressed to any person whose name has been so filed as aforesaid and left at or sent by post to the address which has been so filed.

(3) Every company to which this section applies shall in every year file with the registrar of the province in which the company has its principal place of business—

- (i) in a case where by the law, for the time being in force, of the country in which the company is incorporated such company is required to file with the public authority

an annual balance-sheet,—a copy of that balance-sheet; or

- (ii) In a case where no such provision is made by the law, for the time being in force, of the country in which the company is incorporated,—such a statement in the form of a balance-sheet as such company would if it were a company formed and registered under this Act, be required to file in accordance with the provisions of this Act:

Provided that the Governor General-in-Council may, by notification in the Gazette of India subject to such restrictions and conditions, if any, as he may therein prescribe exempt any such company or any class of such companies from this requirement.

(4) Every company to which this section applies and which uses the word "Limited" as part of its name, shall—

- (a) in every prospectus inviting subscriptions for its shares or debentures in British India state the country in which the company is incorporated; and
- (b) conspicuously exhibit on every place where it carries on business in British India the name of the company and the country in which the company is incorporated in letters easily legible in English characters, and also, if any place where it carries on business is beyond the local limits of the ordinary original civil jurisdiction of a 'High

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Court, in the characters of one of the vernacular languages used in that place; and

- (c) have the name of the company and of the country in which the company is incorporated mentioned in legible English characters in all bill-heads and letter paper, and in all notices, advertisements and other official publications of the company.

(5) If any company to which this section applies fails to comply with any of the requirements of this section, the company, and every officer or agent of the company, shall be liable to a fine not exceeding five hundred rupees or, in the case of a continuing offence, fifty rupees for every day during which the default continues.

(6) For the purposes of this section—

- (a) the expression “certified” means certified in the prescribed manner to be a true copy or a correct translation;

- (b) the expression “place of business” includes a share transfer or share registration office;

- (c) the expression “director” includes any person occupying the position of director, by whatever name called; and

- (d) the expression “prospectus” means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase any shares or debentures of the company.

(7) There shall be paid to the registrar for registering any document required by this section to be filed with him a fee of five rupees or such smaller fee as may be prescribed.

Penalty for False Statement.

282. Whoever in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Act wilfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment of either description for a term which may extend to three years, and shall also be liable to fine.

Application of Table A.

18. In the case of a company limited by shares and registered after the commencement of this Act, if articles are not registered, or, if articles are registered, in so far as the articles do not exclude or modify the regulations in Table A in the First Schedule, those regulations shall, so far as applicable, be the regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.

Table A : Accounts.

103. The directors shall cause true accounts to be kept—

- (a) of the sums of money received and expended by the company, and the matter in respect of which such receipt and expenditure takes place; and
- (b) of the assets and liabilities of the company.

104. The books of account shall be kept at the registered office of the company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

105. The directors shall from time to time determine whether and to what extent and at what times and places

and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the directors or by the company in general meeting.

106. Once at least in every year the directors shall lay before the company in general meeting a profit and loss account for the period since the preceding account or (in the case of the first account) since the incorporation of the company, made up to a date not more than six months before such meeting.

107. The profit and loss account shall show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting, and, in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

108. A balance-sheet shall be made out in every year and laid before the company in general meeting made up to a date not more than six months before such meeting. The balance-sheet shall be accompanied by a report of the directors as to the state of the company's affairs, and the amount which they recommend to be paid by way of divi-

dend, and the amount (if any) which they propose to carry to a reserve fund.

109. A copy of the balance-sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

Table B.

Table of Fees to be paid to the Registrar.

I.—By a Company Having a Share Capital.

	Rs.	A.	P.
1. For registration of a company whose nominal share capital does not exceed Rs. 20,000, a fee of	40	0	0
2. For registration of a company whose nominal share capital does not exceed Rs. 20,000, the above fee of forty rupees, with the following additional fees regulated according to the amount of nominal capital (that is to say)—			
For every 10,000 rupees of nominal share capital, or part of 10,000 rupees, after the first 20,000 rupees up to 50,000 rupees	20	0	0
For every 10,000 rupees of nominal share capital, or part of 10,000 rupees, after the first 50,000 rupees up to 10,00,000 rupees	5	0	0
For every 10,000 rupees of nominal share capital, or part of 10,000 rupees, after the first 10,00,000 rupees.	1	0	0

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3. For registration of any increase of share capital made after the first registration of the company, the same fees per 10,000 rupees or, part of 10,000 rupees, as would have been payable if such increased share capital had formed part of the original share capital at the time of registration :
Provided that no company shall be liable to pay in respect of nominal share capital on registration, or afterwards, any greater amount of the fees than 1,000 rupees taking into account, in the case of fees payable on an increase of share capital after registration, the fees paid on registration.
4. For registration of any existing company, except such companies as are by this Act, exempted from payment of fees in respect of registration under this Act, the same fee as is charged for registering a new company.
5. For filing any document by this Act required or authorised to be filed, other than the memorandum or the abstract required to be filed with the registrar by a receiver or the statement required to be filed with the registrar by the liquidator in a winding up. ... 5 0 0
6. For making a record of any fact by this Act authorised or required to be recorded by the registrar, a fee of ... 5 0 0

II.— By a Company Not Having a Share Capital.

For registration of a company whose number of members, as stated in the articles of association, does not exceed 20 ... 40 0 0

2. For registration of a company whose number of members, as stated in the articles of association, exceeds 20, but does not exceed 100 100 0 0

3. For registration of a company whose number of members, as stated in the articles of association, exceeds 100, but is not stated to be unlimited, the above fee of Rs. 100 with an additional Rs. 5 for every 50 members, or less number than 50 members, after the first 100

4. For registration of a company in which the number of members is stated in the articles of association to be unlimited, a fee of 400 0 0

5. For registration of any increase on the number made after the registration of the company, the same fees as would have been payable if such increase had been stated in the articles of association at the time of registration 5 0 0

Provided that no one company shall be liable to pay on the whole a greater fee than Rs. 400 in respect of its number of members taking into account the fee paid on the first registration of the company.

6. For registration of any existing company except such companies as are by this Act exempted from payment of fees in respect of registration under this Act, the same fee as is charged for registering a new company

7. For filing any document by this Act required or authorised to be filed, other

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than the memorandum or the abstract Rs. a. p.
required to be filed with the registrar
by a receiver or the statement required
to be filed with the registrar by the
liquidator in a winding up ... 5 0 0

8. For making a record of any fact by this
Act authorised or required to be re-
corded by the registrar a fee of ... 5 0 0

The Indian Life Assurance Companies Act, 1912.

Definition.

2. (5) "Life assurance business" means the issue of or the undertaking of liability under, policies of assurance upon human life, or the granting of annuities upon human life :

Deposits.

4. (1) Every life assurance company shall, if established before the commencement of this Act, within one year from such commencement, or, if established after such commencement, before it commences to carry on the business of life assurance, deposit and keep deposited with the Controller of Currency, for and on behalf of the Governor General-in-Council, Government securities, as defined by the Indian Securities Act, 1885, of the face value of twenty-five thousand rupees or of a face value equal to one-third of the income derived from life assurance business as shown in the revenue account for the last financial year, whichever is greater, and, until the company, keeps deposited securities of the face value of two hundred thousand rupees, shall annually deposit and keep deposited in like manner like securities of a face value—

- (a) equal to one-third of the income derived from the assurance business as shown in the revenue account for the last financial year until the face value of the securities deposited exceeds one hundred thousand rupees;
- (b) and thereafter equal in amount to one-third of the increase to the life assurance fund as shown in the revenue account for the last financial year.

Provided that a company may at any time deposit securities of a face value of two hundred thousand rupees or make up its deposit of securities to that value.

(2) The interest accruing due on the securities deposited under sub-section (1) shall be paid to the company.

(3) The deposit may be made by the subscribers of the memorandum of association of a company or any of them, in the name of a proposed company, and, upon the incorporation of the company, shall be deemed to have been made by, and to be part of the assets of, the company, and the Registrar of Joint Stock Companies shall not issue a certificate of incorporation of the company under the Indian Companies Act, 1882, until the deposit has been made.

(4) The deposit shall be deemed to form part of the life assurance fund of the company.

Separation of Funds.

5. In the case of a life assurance company transacting other business besides that of assurance, a separate account shall be kept of all receipts in respect of the life assurance business, and the said receipts shall be carried to and form a separate fund to be called the life assurance fund.

Explanation.—Nothing in this section shall be deemed to require any life assurance fund to be invested in separate

investments from any other fund, but a separate balance-sheet as prescribed under Section 7 shall be kept in respect of the life assurance fund.

Exception.—Nothing in this section shall apply to a life assurance company established before the commencement of this Act, by the terms of whose deed of settlement the whole of the profits of all the business carried on by the company are paid exclusively to the life policy-holders, and on the face of whose life policies the liability of the life assurance fund in respect of the other business distinctly appears.

Appropriation of Life Assurance Fund.

6. The life assurance fund shall be as absolutely the security of the life policy-holders as though it belonged to a company carrying on no other business than life assurance business, and shall not be liable for any contracts of the company for which it would not have been liable had the business of the company been only that of life assurance, and shall not be applied directly or indirectly, for any purposes other than those of life assurance.

Exception.—Nothing in this section shall affect the liability of the life assurance fund, in the case of a company established before the commencement of this Act, for contracts entered into by the company before such commencement.

Accounts and Balance-sheets.

7. Every life assurance company shall, at the expiration of each financial year, prepare—

- (a) a revenue account for the year in the form or forms set forth in the First Schedule and applicable to the class or classes of business carried on by the company;

- (b) a profit and loss account in the form set forth in the Second Schedule, except where the company carries on life assurance business only and no other business;
- (c) a balance-sheet or balance sheets in the form or forms set forth in the Third Schedule;
- (d) a statement containing the name of every person who during the year was a member of the board of directors or other governing body or was manager or secretary or held any similar office by whatever name called.

**Deposit of Accounts, etc., with Governor
General-in-Council.**

II. (1) Every account, balance-sheet, abstract or statement hereinbefore required to be made shall be printed, and four copies thereof, one of which shall be signed by the chairman and two directors of the company, and by the principal officer of the company, and if the company has a managing director, by the managing director, shall be deposited with the Governor General-in-Council within six months in the case of accounts and balance-sheets required by Section 7, and within one year in other cases after the close of the period to which the account, balance-sheet, abstract or statement relates: Provided that, if in any case it is made to appear to the Governor General-in-Council that the circumstances are such that longer period should be allowed, he may extend that period by such period as he may think fit.

(2) The Governor General-in-Council shall consider any document deposited in accordance with the provisions of sub-section (1) and, if any such document appears to the

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Governor General-in-Council to be inaccurate or defective in any respect, the Governor General-in-Council may call upon the company to furnish a further statement correcting any such inaccuracies or supplying any such deficiencies.

Deposit of Report.

12. There shall be deposited with every revenue account and balance-sheet of a life assurance company every report on the affairs of the company submitted to the shareholders or policy-holders of the company in respect of the financial year to which the account and balance-sheet relate.

Exemption from Certain Provisions of Act VI of 1882.

13. Where a life assurance company registered under the Indian Companies Act, 1882, in any year deposits its accounts and balance-sheet in accordance with the provisions of Section 11, the company may, at the same time, send to the Registrar of Joint Stock Companies a copy of such accounts and balance-sheet; and, where such copy is so sent, it shall not be necessary for the company to file a balance-sheet with the Registrar of Joint Stock Companies as required by Section 74 of the Indian Companies Act, 1882, and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if it were a balance-sheet filed in accordance with that section.

Right of Share-holders, etc., to Copies of Accounts, etc.

14. A printed copy of the accounts, balance-sheet, abstract or statement last deposited shall, on the application of any share-holder or policy-holder of the company, be forwarded to him by the company by post or otherwise.

Audit of Accounts.

15. The accounts of every life assurance company shall be audited annually in such manner as the Governor General-in-Council may prescribe.

List of Share-holders.

16. Every life assurance company which is not registered under the Indian Companies Act, 1882, shall keep a list of the names and addresses of its share-holders, and shall, on the application of any share-holder or policy-holder of the company, furnish to him a copy of such list on payment of a sum not exceeding two annas, for every hundred words required to be copied.

**Publication of Authorised as well as Subscribed
and Paid-up Capital.**

18. Where any notice, advertisement or other official publication of a life assurance company contains a statement of the amount of the authorised capital of the company, the publication shall also contain a statement of the amount of the capital which has been subscribed [and the amount paid up.

**Requirements as to Companies established
outside British India.**

19. (1) Every life assurance company, constituted outside British India, which establishes a place of business within British India, or appoints an agent in British India with the object of obtaining life assurance business, shall, within three months from the establishment of the place of business or the appointment of such agent, file with the Registrar—

- (a) a certified copy of the charter, statutes or memorandum and articles of the company, or other instrument constituting or defining

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the constitution of the company, and, if the instrument is not written in the English language, a certified translation thereof;

(b) a list of the directors of the company;

(c) the names and addresses of some one or more persons resident in British India authorised to accept on behalf of the company service of process and any notices required to be served on the company;

And, in the event of any alteration being made in any such instrument or in the list of directors in the names and addresses of such persons as aforesaid, the company shall, within such time as the Governor General-in-Council may prescribe, file with the Registrar a notice of the alteration.

(2) Any process or notice required to be served on the company shall be sufficiently served if addressed to any person whose name has been so filed as aforesaid and left at or sent by post to the address which has been so filed.

(3) There shall be paid to the Registrar for registering any document, required by this section to be filed, a fee of five rupees or such smaller fee as the Governor General-in-Council may prescribe.

Statement in case of Amalgamation or Transfer.

21. Where an amalgamation takes place between any life assurance companies, or where any life assurance business of one such company is transferred to another company the combined company or the purchasing company, as the case may be, shall, within one month from the date of the completion of the amalgamation or, transfer, deposit with the Governor General-in-Council.—

- (a) certified copies of statements of the assets and liabilities of the companies concerned in such amalgamation or transfer, together with a statement of the nature and terms of the amalgamation or transfer; and
- (b) a certified copy of the agreement or deed under which the amalgamation or transfer is effected; and
- (c) certified copies of the actuarial or other reports upon which that agreement or deed is founded; and
- (d) a declaration under the hand of the chairman of each company and the principal officer of each company, that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth, and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer.

Certain Companies may apply to be declared Companies which carry on Life Assurance Business in the United Kingdom.

32. (1) An assurance company which carries on life assurance business in the United Kingdom in accordance with the Assurance Companies Act, 1909, may, if carrying on life assurance business in British India before the commencement of this Act, within three months of such commencement, or

in any other case, before it commences to carry on life assurance business in British India, apply to the Governor General-in-Council for a declaration that it so carries on such business in the United Kingdom.

(2) A company applying under the provisions of sub-section (1) shall furnish, at the time of its application or at such further time as the Governor General-in-Council may prescribe, such evidence as he may direct of the facts alleged in its application.

(3) Where the Governor General in Council is satisfied that a life assurance company applying as aforesaid is a life assurance company which carries on business in the United Kingdom in accordance with the Assurance Companies Act, 1909, he shall, by notification in the Gazette of India, make a declaration to that effect, and shall cause such notification to be republished in the local official Gazette of the Province where the company has or proposes to have its principal place of business.

Application of the Act to Companies which carry on Life Assurance Business in the United Kingdom.

33. Where the Governor General-in-Council has notified a declaration in accordance with the provisions of Section 32 in respect of a life assurance company, nothing in Section 4, Section 5, Sections 7 to 12, Sections 15, 20, 21 or 37 shall apply to the company:

Provided that—

(1) the company shall deposit with the Governor General-in-Council, in the manner prescribed in section 11, copies of every account, balance-sheet, abstract, statement or other document which the company is required by the Assurance

Companies Act, 1909, to deposit at the Board of Trade;

- (2) If, at any time, a company in respect of which a declaration has been notified under Section 32 ceases to carry on life assurance business in the United Kingdom in accordance with the provisions of the Assurance Companies Act, 1909, it shall, if it continues to carry on life assurance business in British India, be subject to all provisions of this Act from the date it ceased to carry on such business in the United Kingdom in accordance with the said Act.

Penalty for Falsifying Statements, etc.

35. If any account, balance-sheet, abstract, statement or other document required by this Act is false in any particular to the knowledge of any person who signs it, such person shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

The Indian Life Assurance Companies Rules, 1913.

Definition.

- (c) 'Dividing society business' means life assurance business under which the amount payable on the policy money becoming due is not fixed but depends either partly or wholly on the results of the division of any portion of the premium income or funds amongst the policies which have become due for payment in proportion to the

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premiums received under each class in any specified period.

Paid-up Capital not to be treated as Assets;

7. Companies transacting life assurance and annuity business only may include in the life assurance revenue account the paid-up capital and all the other funds of the Company, such as Investment Reserve Fund, Dividend Reserve Fund, Sinking Fund, etc., stated separately both at the beginning and at the end of a year, so as to show any increase or diminution in such individual funds during the year; but although paid-up capital may be shown along with the funds in this way, it shall not be treated as part of the Company's assets for the purpose of showing a divisible surplus at the time of any actuarial investigation of the financial condition of the Company.

Dividing Society Business.

8. Every Company transacting dividing society business shall show in its accounts both the premium income and the claims of each class of such business separately from the premiums and claims of the other classes of business transacted by the Company.

Separate Revenue Account.

9. A Company may submit a separate Revenue Account similar to the Life Assurance Account, in addition to forms A B and C of the First Schedule, for any class of business which it transacts, such, for instance, as dividing society business.

Policies not qualifying for full benefits.

10. If any class of policy is not qualified for full benefits until after the first year or other stated period, the premium income of that class shall be separated accordingly in the

accounts. In the case of a Company having more than one qualifying period for any such business the premium income shall be shown separately for each qualifying period.

Audit of Accounts of Companies not subject to Law of British India regarding registration of Companies.

II. The accounts of every company not subject to audit in accordance with the provisions of any law for the time being in force in British India regarding the registration of companies shall be audited in accordance with that law.

Qualifications of Auditors under the Act.

II A. Save as hereinafter provided in this rule, any person who audits the accounts of a Company shall be either—

(1) a member of any of the following Institutes and Societies:

(a) The Institute of Chartered Accountants of England and Wales;

(b) The Society of Incorporated Accountants and Auditors;

(c) The Society of Accountants in Edinburgh;

(d) The Institute of Accountants and Actuaries in Glasgow;

(e) The Society of Accountants in Aberdeen;

(f) The Institute of Chartered Accountants in Ireland;

or

(2) the holder of a certificate granted by any Local Government under Section 144, sub-section (1), of the Indian Companies Act, 1913 (VII of 1913), entitling him to act as an Auditor of Companies under the said Act;

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Provided that such certificate does not restrict or limit to any part of British India the right of the holder to act as an Auditor. (Government of India, Department of Commerce and Industry, Insurance No. 2184-6 dated Simla, the 1st April 1914).

(11) In addition to the persons specified in sub-rule (1) the following persons may audit the accounts of Mutual Life Assurance Companies, namely :

(a) a Fellow or an Associate of the Institute of Actuaries, London ; or a Fellow or an Associate of the Faculty of Actuaries in Scotland ;

(b) the holder of a certificate granted by a Local Government as aforesaid entitling the holder to act as such auditor throughout the province within which the principal place of business in British India of the Mutual Life Assurance Company is situated. (Government of India, Department of Commerce and Industry, Insurance No. 2298, dated Delhi, the 6th March 1915).

Additional particulars in case of Companies to which Act applies.

12. Every auditor auditing under the Act the account of a company shall state the following additional particulars in his report—

(a) whether or not he has personally verified the whole of the investments with the securities and other vouchers and is satisfied as to their correctness ;

(b) any other matters that he considers should be brought to the notice of the members or policy-holders of the Company.

Deposit of copies of Documents.

13. Copies of the documents mentioned in Section 14 of the Act shall be deposited at the head office and the principal branch office in each province in which the Company transacts business for the inspection of any member or policyholder of the Company.

Translation of Documents.

15. If any portion of any document required to be deposited under the Act is not in the English language, a translation thereof, certified by a responsible officer of the Company to be correct, shall be furnished along with each copy deposited with the Governor General-in-Council.

**The Provident Insurance Societies
Act, 1912.**

Definition.

(8) "Provident Insurance Society" means any person who, or body of persons whether corporate or unincorporate which, receives premiums or contributions for insuring money to be paid on the birth, marriage or death of any person or on the happening of such other contingency or class of contingency as may be prescribed :

Register of Members.

10. Every Provident Insurance Society which is not registered under the Indian Companies Act, 1882, shall cause to be kept in the prescribed form a register of the names and addresses of its members.

Publication of Authorized Subscribed and Paid-up Capital.

11. Where any notice, advertisement or other official publication of a Provident Insurance Society contains a statement of the amount of the authorized capital of the society, the publication shall also contain a statement of the amount of the capital which has been subscribed and the amount paid up.

Revenue Account and Balance-Sheet.

13. Every Provident Insurance Society shall, at the expiration of each financial year, prepare a revenue-account and balance-sheet in the prescribed form and verified in the prescribed manner, and shall cause them to be audited by an auditor possessing the prescribed qualifications.

Delivery and Publication of Revenue-Account, etc.

14. Every Provident Insurance Society shall, within six months of the expiration of each financial year, deliver to the Registrar the revenue-account and balance-sheet required by Section 13, and shall publish them in the prescribed manner.

Record of Insurances effected on Life other than life of Person insuring.

15. Every Provident Insurance Society shall maintain in the prescribed form a record of every insurance effected on a life other than the life of the person insuring, and shall deliver a copy of such record to the Registrar, together with the balance-sheet and revenue-account.

Penalty for Falsifying Documents.

22. If any register, account, balance-sheet or other document required by this Act is false in any particular to the knowledge of any person who signs it, such person shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

The Provident Insurance Societies Rules 1914, Bombay.

Definitions.

- (d) "Dividing society business" means provident insurance business under which the amount payable on the policy money becoming due is not fixed but depends either partly or wholly on the results of the division of any portion of the premium, income or funds amongst the policies which have become due for payment in proportion to the premiums received under each class in any specified period ;
- (e) "Bond Investment business" means the issue of bonds or policies by which the Society in return for premiums or subscriptions payable at periodical intervals of one year or less, contract to pay the legal holder of the bond or policy a sum at a future date either with or without the other specified benefits such as the right to share in the profits of the society or to an advance for certain specified object, and not being Life Assurance business ;
- (f) "Ordinary Life Assurance business" means life assurance business transacted on similar lines to those adopted by ordinary life assurance companies, namely, by granting annuities on human life, or by assuring a fixed sum payable at death, on survivance or on

the happening of any contingency dependent on human life in return for a premium which is fixed at the outset for each age at entry. This shall not exclude the case of sums assured and premiums which vary as the result of bonus ascertained by an actuarial valuation conducted in the manner provided for in Schedule IV of the Indian Life Assurance Companies Act, 1912.

Audit of societies not registered under the Indian Companies Act.

14. The accounts of every society not subject to audit in accordance with the provisions of any law for the time being in force in British India regarding the registration of companies shall be audited in accordance with that law.

Qualifications of Auditors under the Act.

15. (1) Members of Institutions or Associations notified by the Governor General-in-Council under the proviso to sub-section (1) of section 144 of the Indian Companies Act, 1913 (VII of 1913) shall be regarded as qualified without certificate to audit the accounts of provident insurance societies throughout the Presidency of Bombay.

(2) Holders of Auditors' certificates granted by the Governor-in-Council under sub-section (2) of Section 144 of the Indian Companies Act, 1913 (VII of 1913) and of "unrestricted" certificates (that is to say, certificates valid throughout British India), granted by other Local Governments in exercise of the same statutory power shall be regarded as qualified to audit the accounts of provident insurance societies throughout the Presidency of Bombay.

"(3) In addition to the persons specified in clauses (1) and (2) the following persons may audit the accounts of

Provident Insurance Societies, namely, a Fellow or an Associate of the Institute of Actuaries, London ; or a Fellow or an Associate of the Faculty of Actuaries in Scotland."

(No. 13047.—Government Notification, Bombay Castle 6th December 1915.)

Additional particulars in case of Societies to which Act applies,

16. Every auditor auditing under the Act the accounts of a society shall state the following additional particulars in his report—

- (a) whether or not he has personally verified the whole of the investments with the securities and other vouchers and is satisfied as to their correctness ;
- (b) any other matters that he considers should be brought to the notice of the members or policy-holders of the society.

Form of Accounts, etc.

17. The accounts shall consist of the Revenue Account, Profit and Loss Account and Balance Sheet as prescribed in the forms marked A, C and D appended to these rules ; but a society may, if it so desires, submit a separate Revenue Account (precisely similar to form A) for any class of business carried on by it, but the transactions in respect of a class of business not prescribed under the Act or the rules made thereunder shall not be shown in a Revenue Account showing the transactions in respect of any business which is so prescribed. The accounts shall be signed by all the directors of the society and by the Manager and one of the other responsible officers. If any of these omit to sign, the

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reason shall be stated. Other statements shall be prepared each year in the following forms appended to these rules and signed by the Chairman or Managing Director (if any) as well as by the Manager or one of the other responsible officers of the society :—

Form B—giving particulars of expenditure which has not been charged as such.

Form E—giving particulars of the relationship existing between the lives assured and those effecting policies.

Form F—giving particulars of the numbers of policies effected at different ages.

Form G—showing the magnitude of the society's policy contracts.

Form H—giving particulars of the new business each year.

Form I—showing for each year the additions from the number of policies and the sums assured thereunder.

Form J—giving particulars for each year since the formation of the society of the number of policies that have gone off the books for various reasons.

Form K—showing the claims under dividing society business arranged according to the duration of the policies.

Form L (1) & L(2)—giving examples of the sums paid in past years under dividing society business.

The Registrar may, on the application and with the consent of a society, alter those forms as regards that society for the purpose of adapting them to the circumstances of that society.

Signing of Accounts.

18. The Chairman or Managing Director (if any) as well as the Manager and one of the other responsible officers of the society shall sign all the accounts and balance-sheet, abstracts or statements sent to the Registrar.

Registrar not Responsible for Accuracy of Returns.

19. The receipt of an annual return by the Registrar implies no approval of anything it contains. An acknowledgment of the fact, that documents purporting to be the annual returns of a particular society have been received will be given, but the acknowledgment does not imply that a valid return has been made or indicate approval of anything that it contains.

Accounts not adopted.

21. If the general meeting before which accounts are laid does not adopt them, a statement of the fact and of the reasons therefor shall be annexed to the balance sheet and to the copies thereof required to be filed with the Registrar.

Register of Members.

23. Every society having a share capital and which is not registered under the law for the time being in force in British India relating to the registration of companies shall keep in one or more books a register of its members, and enter therein the following particulars:—

- (i) the names and addresses, and the occupations, if any, of the members, a statement of the shares held by each member, distinguishing each share by its number, and of the amount paid or agreed to be considered as paid on the shares of each member;
- (ii) the date at which each person was entered in the register as a member;

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- (iii) the date at which any person ceased to be a member.

Register of Life Assurance Policies.

24. A register of all ordinary life assurance policies' issue dby a society at any time whether or not they are now in force, shall be maintained by the society in Form M appended to these rules or as near thereto as circumstances will permit.

Register of other Policies.

25. A register or registers of all policies, other than those of ordinary life assurance now in force, and of those issued hereafter, shall be maintained by the society in Form M appended to these rules or as near thereto as circumstances will permit.

APPENDIX D. STATUTORY FORMS OF ACCOUNTS. The Indian Companies Act, 1913. (The Third Schedule.)

FORM F.

(See Section 132).

LIMITED.

19

Balance-sheet as at

CAPITAL & LIABILITIES.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
CAPITAL:—								
Authorised Capital...shares of Rs...each.
Issued Capital...shares of Rs...each
Subscribed Capital...shares of Rs...each.
Amount called up at Rs..... per share.
Less—Calls unpaid
Add--Forfeited shares (amount paid up.)
RESERVE FUND OR DEVELOPMENT FUND.								
ANY SINKING FUND								
PROPERTY AND ASSETS.								
FIXED CAPITAL EXPENDITURE								
(Distinguishing as far as possible between expenditure upon goodwill, land, buildings, leaseholds, railway sidings, plant, machinery, furniture, develop-ment of property, patents, trade marks and designs, interest paid out of Capital during construction, etc., and stating in every case the original cost and the total Depreciation written off under each head.)								
PRELIMINARY EXPENSES								
COMMISSION OR BROKERAGE								
(Commission or Brokerage paid for un-derwriting or placing shares or deben-tures until written off.)								
STORES AND SPARE GEAR								
LOOSE TOOLS.								
LIVE STOCKS.								

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Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
ANY OTHER FUND CREATED					
OUT OF NET PROFITS
ANY PENSION OR INSURANCE FUND.
PROVISION FOR BAD AND DOUBTFUL DEBTS.
LOANS ON MORTGAGE OR MORTGAGE DEBENTURE BONDS.
LOANS OTHERWISE SECURED (Stating the nature of security)
LOANS UNSECURED.
INTEREST					
Accrued on Mortgages, Debentures or other Secured Loans.
UNCLAIMED DIVIDENDS					
LIABILITIES					
For Goods supplied
" Expenses
" Acceptances
" Other Finance
ADVANCE PAYMENTS AND UNEXPIRED DISCOUNTS.					
(For the portion for which value has still to be given, e. g. in the case of the following classes of Companies—Newspaper, Fire Insurance, Theatre, Club, Banking, Steamship Companies, &c.)
STOCK IN TRADE (Stating mode of valuation, e. g., cost or market-value.)
BILLS OF EXCHANGE
BOOK DEBTS (Distinguishing in the case of a Bank between those considered good and in respect of which the Bank is fully secured and those considered good for which the Bank holds no security other than the debtor's personal security, and distinguishing in all cases between debts considered good and debts considered doubtful or bad. Debts due by Directors or other officers of the company or any of them either severally or jointly with any other persons to be separately stated in all cases).
ADVANCES (Recoverable in cash or in kind or for value to be received, e. g., Rates, Taxes, Insurance, etc.)
INVESTMENTS (Nature of Investment and mode of valuation, e. g., cost or market-value.)
INTEREST ACCRUED ON INVESTMENTS
CASH AND OTHER BALANCES
Amount in hand

Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Profit and Loss.							
Balance as per previous Balance Sheet.
Less—appropriation thereof.
Balance brought forward.
Profit since last Balance Sheet.
(N. B.—These details need not be given if the same be contained in a Profit and Loss account attached to the Balance Sheet.)							
CONTINGENT LIABILITIES—							
Claims against the Company not acknowledged as debts.
Moneys for which the Company is contingently liable.
Arrears of Cumulative Preference Dividends.
Balances with Agents and Bankers (in detail showing whether on Deposit or current account, etc.)							
Profit and Loss (giving, in the case of a debit balance, details as far as possible as in the case of a credit balance.)

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FORM G.

(See Section 136.)

FORM OF STATEMENT TO BE PUBLISHED BY BANKING AND INSURANCE COMPANIES AND DEPOSIT, PROVIDENT, OR BENEFIT SOCIETIES.

* The share capital of the company is Rs. divided into
shares of each.

The number of shares issued is Calls to the amount of Rs. per
share have been made, under which the sum of Rs. has been received.

The liabilities of the company on the thirty-first day of December (or
thirtieth of June) were:—

Debts owing to sundry persons by the company.

Under decree, Rs.

On mortgages or bonds, Rs.

On notes, bills or hundis, Rs.

On other contracts, Rs.

On estimated liabilities, Rs.

The assets of the company on that day were:

Government securities [stating them], Rs.

Bills of exchange, hundis and promissory notes, Rs.

Cash at the Bankers, Rs.

Other securities, Rs.

FORM E.

AS REQUIRED BY PART II OF THE ACT.

(See Section 32.)

Summary of share Capital and Shares of the Company,
Limited, made upto the day of 19 (being the
day of the first ordinary general meeting in 19).

Nominal share capital Rs.	divided	}	shares of Rs.	each.
into†			shares of Rs.	each.

* If the company has no capital divided into shares, the portion of
the statement relating to capital and share must be omitted.

† When there are shares of different kinds or amounts (*e. g.*, Preference
and Ordinary or Rs. 200 or Rs. 100), state the numbers and nominal values
separately.

STATUTORY FORMS OF ACCOUNTS: I. C. A. 1913.

Total number of shares taken up* to the day of 19					
which number must agree with the total shown in the list as					
held by existing members.	...	...	...	...	...
Number of shares issued subject to payment wholly in cash.					
Number of shares issued as fully paid up otherwise than in cash	...				
Number of shares issued as partly paid up to the extent of				per	
share otherwise than in cash	...	...	...	...
† There has been called up on each—of shares	...	...	...	Rs.	
There has been called up on each—of shares	...	...	...	Rs.	
There has been called up on each—of shares	...	...	...	Rs.	
‡ Total amount of calls received, including payments on applica-					
tion and allotment	...	...	...	...	Rs.
Total amount (if any) agreed to be considered as paid on					
shares which have been issued as fully paid up otherwise					
than in cash	...	...	...	...	Rs.
Total amount (if any) agreed to be considered as paid on					
shares which have been issued as partly paid up to the extent					
of per share	...	...	...	...	Rs.
Total amount of calls unpaid	...	...	...	...	Rs.
Total amount (if any) of sums paid by way of commission in					
respect of shares or debentures or allowed by way of discount					
since date of last summary	...	...	...	...	Rs.
Total amount of (if any) paid on § shares forfeited	...	...	...	Rs.	
Total amount of shares and stock for which share-warrants					
are outstanding	...	...	...	...	Rs.
Total amount of share-warrants issued and surrendered respec-					
tively since date of last summary	...	...	...	Rs.	
Number of shares or amount of stock comprised in each					
share-warrant...	...	...	...	...	Rs.
Total amount of debt due from the company in respect of all					
mortgages and charges which are required to be registered					
with the Registrar under this Act	...	...	...	Rs.	

* When there are shares of different kinds or amounts (*e. g.*, Preference and Ordinary or Rs. 200 or 100), state the numbers and nominal values separately.

† Where various amounts have been called or there are shares of different kinds, state them separately.

‡ Include what has been received on forfeited as well as on existing shares.

§ State the aggregate number of shares forfeited.

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List of Persons holding shares in the _____ Company Limited, on the _____ day of _____ 19____, and of persons, who have held shares herein at any time since the date of the last return, showing their names and addresses and an account of the shares so held.

Folio in register ledger containing particulars.		NAMES, ADDRESSES AND OCCUPATIONS.		ACCOUNT OF SHARES.	
Name in full.		Father's name.		Occupation or caste.	
* Number of Shares held by existing Members at Date of Return.		§ Particulars of Shares transferred since the date of the last Return by persons who are still Members.		§ Particulars of Shares transferred since the date of the last Return by Persons who have ceased to be Members.	
Number.†	Date of Registration of Transfer.	Number.‡	Date of Registration of Transfer.	Remarks.	

* State the aggregate number of shares forfeited (if any).

† The aggregate number of shares held, and not the distinctive numbers, must be stated, and the column must be added up throughout so as to make one total to agree with that stated in the summary to have been taken up.

‡ When the shares are of different classes, these columns may be subdivided so that the number of each class held or transferred may be shown separately.

§ The date of registration of each transfer should be given as well as the number of shares transferred on each date. The particulars should be placed opposite the name of the transferor and not opposite that of the transferee, but the name of the transferee may be inserted in the Remarks column immediately opposite the particulars of each transfer.

Names and addresses of the persons who are the Directors
of the _____, Limited, on the _____ day of
19____.

STATUTORY FORMS OF ACCOUNTS: I. C. A. 1913.

Names.	Addresses.

Names and addresses of the persons who are the managers of the _____, Limited, on the _____ day of _____ 19 .

Names.	Addresses.

NOTE.—Banking companies must add a list of all their places of business.

I, _____, do hereby certify that the above list and summary truly and correctly states the facts as they stood on _____ day of _____ 19 .

(Signature) _____
(State whether director, manager or secretary.)

The Indian Life Assurance Companies Act, 1912.

(The First Schedule.)

(See Section 7.)

Revenue Accounts of the _____ for the year ending _____ 19

(A) Life Assurance Account.

	Rs.	Rs.
Amount of life assurance fund at the beginning of the year. ...		Dividends payable on 19 for the year ending 19 . (This is only to be stated here by companies not supplying a Profit and Loss account.)
Premiums ...		Claims under policies paid and outstanding—
		By death ...
		By maturity ...
Consideration for annuities granted *(see Note 1). ...		Surrenders, including surrenders of bonus additions
		Annuities ...
		Bonuses in cash ...
		Bonuses in reduction of premiums ...
		Expenses of management :—
Interests, dividends and rents.	Rs.	Commission ...
		Agents' and Canvassers' allowances ...
		Salaries, etc. (other than to Agents and Canvassers).
		Travelling expenses...
		Directors' fees ...
		Auditors' fees ...
Less income-tax thereon ...		

Other receipts (accounts to be specified)	Rs. ...
Medical fees
Rents for offices belonging to and occupied by the company
Rents of other offices occupied by the company
Law charges
Advertising
Printing and stationery
Other expenses of management [accounts to be specified.]
Other payments [accounts to be specified.]
Amount of life assurance fund at the end of the year, as per Third Schedule
	Rs.

*NOTE 1.—Companies having a separate annuity fund with investments separate from those of the life assurance fund to return the particulars of their annuity business in a separate statement, in Form B of this Schedule.

NOTE 2.—Items in this account to be net amounts after deduction of the amounts paid and received in respect of reassurances of the company's risks.

NOTE 3.—If any sum has been deducted from the expenses of management account, and taken credit for in the balance-sheet as an asset, the sum so deducted to be separately shown in the above account.

(B) Revenue Account applicable to annuity business of those companies having a separate annuity fund, the investments of which are kept separate from those of the life assurance fund.

Rs.	Rs.	Rs.
Amount of annuity fund at the beginning of the year.	Annuities ...	...
Consideration for annuities granted ...	Surrenders ...	...
	Expenses of management :—	...
	Commission ...	...
	Other expenses [to be specified]	...
Rs.	Other payments [accounts to be specified] ...	...
Interests, dividends and rents. ...	Amount of annuity fund at the end of the year as per Balance-sheet	...
Less income-tax thereon ...	...	...
Other receipts ...	...	...
Rs...		Rs.

NOTE.—Items in this account to be net amounts after deduction of the amounts paid and received in respect of reassurances of the company's risks.

(C) General Revenue Account applicable to all classes of business other than life assurance and annuity transactions.

Rs.	Rs.	Rs.
Amount of funds at the beginning of the year.	Claims less reassurances [accounts to be specified.]	...
Premiums (accounts to be specified) ...	Expenses of management :—	...
Rs.	Commission	...
Interests, dividends and rents ...	Other expenses [to be specified]	...
Less income-tax thereon ...	Losses [accounts to be specified]	...
Profits (accounts to be specified) ...	Other payments [accounts to be specified]	...
Other receipts (to be specified) ...	Amount of funds at the of the end year as per Balance-sheet	...
Rs.		Rs.

NOTE 1.—All the items in the above account to be exclusive of life assurance and annuity transactions.

NOTE 2.—Items in this account to be net amounts after deduction of the amounts paid and received in respect of reassurances of the company's risks,

Second Schedule.

(D) Statement to be submitted along with the Revenue Account by all life assurance companies.

Class of Policy.	Total new life assurances completed in India during the year 19 .			Portion thereof reassured.		
	Sum Assured.	Annual Premium.	Single Premium.	Sum Assured.	Annual Premium.	Single Premium.
Whole life	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Whole life by limited payments.						
Endowment assurances						
Pure endowments						
Term assurances						
Other classes						
Total						

State also :—

New annuities [state number and annual amount] remaining in force at end of year 19 on lives of residents in India.
 Total sums assured and bonuses [less reassurances] remaining in force at end of year 19 on lives of residents in India.
 Number and amount of annuities [less reassurances] remaining in force on any one life during the year, after deduction of any
 Largest sum for which the company has granted an assurance on any one life during the year, after deduction of any
 portion reassured.
 Statement of the total investments in India of the life assurance and annuity funds.

(See Section 7)

Profit and Loss Account of the		for the year ending	19
	Rs.		Rs.
Balance of last year's account	...	Dividends and bonuses to share-holders payable on	19 ,
		for the year ending	19 , ...
Interest and dividends not carried to other accounts	Rs. ...	Expenses not charged to other accounts,	...
Less income-tax thereon	...	Loss realised [accounts to be specified]	...
		Other payments [accounts to be specified],	...
Profit realized [accounts to be specified]...		Balance as per Third Schedule,	...
Other receipts [accounts to be specified]...			
	Rs.		Rs.

Third Schedule.

(See Section 7)

[A] BALANCE-SHEET

ON THE

OF THE

LIABILITIES,	Rs.	ASSETS,	Rs.
Life assurance fund—	Rs.	Assets of life assurance fund as per separate balance-sheet (if any),	balance-sheet
Outstanding liabilities of life assurance fund		Assets of annuity fund as per separate balance-sheet (if any).	balance-sheet
Annuity fund (if any) as per separate balance-sheet.		Assets of funds other than those shown in the above-mentioned balance-sheets.	the above-
Outstanding liabilities of annuity fund.		Mortgages on property within India.	
Shareholders' capital paid up (if any),		Do. do. out of India	
Profit and Loss account (if any).		Loans on public rates	
Funds contained in General Revenue Account (if any) [Schedule I (C)].		Do. life interests and reversions.	
Other sums owing by the Company.		Do. stocks and shares	
(Accounts to be specified and stated separately under each class of business.)		Do. company's policies within their surrender values.	
		Do. personal security	
		Investments—	
		Deposit with the Controller of Currency (securities to be specified).	
		Indian Government securities	
		British and Colonial Government securities.	
		Foreign Government securities	
		Indian Municipal and Provincial securities.	
		British and Colonial ditto	
		Foreign ditto	

Bonds, debentures, stocks and other securities where- on interest is guaranteed by the Indian Government.	
Bonds, debentures, stocks and other securities where- on interest is guaranteed by the British or any Colonial Government.	
Bonds, debentures, stocks and other securities where- on interest is guaranteed by any Foreign Government	
Ordinary stocks and shares of any Indian Presidency Bank.	
Debentures of any Railway in India.	
Debentures of any Railway out of India.	
Preference or guaranteed shares of any Railway in India.	
Preference or guaranteed shares of any Railway out of India.	
Ordinary stocks and shares of any Railway in India.	
Ordinary stocks and shares of any Railway out of India.	
House property in India	
House property out of India	
Freehold and leasehold ground rents and rent charges in India.	
Life interests and reversions in India.	
Do. do. out of India	
Other investments in India (to be specified).	
Other investments out of India (to be specified).	
Agents' balances	
Outstanding Premiums*	
Do. interests, dividends and rents.*	
Interest accrued but not payable*	
Bills receivable	

*These items are or have been included in the corresponding items in the First Schedule.

Cash—		Rs.
On deposit	.	.
In hand and on current account	.	.
Other assets (to be specified).	.	.
		Rs.

NOTE 1.—When part of the assets of the company are specifically deposited under local laws, in various places out of India, as security to holders of life assurance policies there issued, each such place and the amount compulsorily lodged therein must be specified.

NOTE 2.—The balance-sheet must state how the values of the Stock Exchange securities are arrived at, and on the occasions when a statement respecting valuation under the Fourth Schedule is made, a certificate must be appended, signed by the same persons as signed the balance-sheet, to the effect that in their belief the assets set forth in the balance-sheet are in the aggregate fully of the value stated therein, less any investment reserve fund taken into account.

NOTE 3.—Companies having investments with any uncalled liability shall state separately the full amount thereof.

NOTE 4.—Particulars must be given of all loans, including temporary advances, except loans on policies within their surrender values, made at any time during the year to any director or officer of a company or to any other company in which any of the said directors or officers may hold the position either of director or of officer.

(B) Balance-sheet of the Life Assurance Fund
to be completed by companies doing business other Life Assurance for which they have separate funds.

19

LIABILITIES.	ASSETS.
Rs.	Rs.
Life assurance fund Claims admitted or intimated* but not paid. Other sums owing by the company* (under this class of business).	Mortgages on property within India Do. do. out of India Loans on public rates Do. life interests and reversions Do. stocks and shares Do. company's policies within their surrender values. Do. personal security Investments:— Deposit with the Controller General (securities to be specified). Indian Government securities. British and Colonial Government securities. Foreign Government securities. Indian Municipal and Provincial securities. British and Colonial ditto Foreign ditto Bonds, debentures, stocks and other securities where- on interest is guaranteed by the Indian Govern- ment. Bonds, debentures, stocks and other securities where- on interest is guaranteed by the British or any Colonial Government. Bonds, debentures, stocks and other securities where- on interest is guaranteed by any Foreign Govern- ment. Ordinary stocks and shares of any Indian Presidency Bank.

*These items are or have been included in the corresponding items in the First Schedule.

	Rs.
Debentures of any Railway in India.	
Debentures of any Railway out of India.	
Preference or guaranteed shares of any Railway in India.	
Preference or guaranteed shares of any Railway out of India.	
Ordinary stocks and shares of any Railway in India.	
Do. do. out of India.	
House property in India	
Do. out of India	
Freehold and leasehold ground rents and rent-charges in India.	
Life interests and reversions in India.	
Do. do. out of India.	
Other investments in India (to be specified).	
Do. do. out of India (to be specified)	
Agents' balances	
Outstanding premiums*	
Do. interests, dividends and rents*	
Interest accrued but not payable*	
Bills-receivable	
Cash—	
On deposit	
In hand and on current account	
Other assets (to be specified).	
	Rs.

*These items are or have been included in the corresponding items in the First Schedule.

NOTE 1.—When part of the assets of the company are specifically deposited under local laws, in various places out of India, as security to holders of life assurance policies there issued, each such place and the amount compulsorily lodged therein must be specified.

NOTE 2.—A balance-sheet in the above form must be rendered in respect of the annuity fund if the investments of that fund are distinct from those of the life assurance fund.

NOTE 3.—The balance-sheet must state how the values of the stock exchange securities are arrived at, and on the occasions when a statement respecting valuation under the Fourth Schedule is made, a certificate must be appended, signed by the same persons as signed the balance-sheet, to the effect that in their belief the assets set forth in the balance-sheet are in the aggregate fully of the value stated therein, less any investment reserve fund taken into account.

NOTE 4.—A certificate must be appended hereto, signed by the same persons as signed the balance-sheet Form A, and by the auditor, to the effect that no part of any such fund has been applied, directly or indirectly, for any purpose other than the class of business to which it is applicable.

NOTE 5.—Companies having investments with any uncalled liability shall state separately the full amount thereof.

NOTE 6.—Particulars must be given of all loans, including temporary advances, except loans on policies within their surrender values, made at any time during the year to any director or officer of a company, or to any other company in which any of the said directors or officers may hold the position either of director or of officer.

The Provident Insurance Society's Act., 1912.

Form A.

(REFERRED TO IN RULE 17.)

Revenue Account of the

Society for the year ending

19

(for all business prescribed under the Act or the rules made thereunder.)

RS.		RS.	
Amount of Funds at the beginning of the year :— Life Assurance Fund Marriage Insurance Fund Investment Reserve Fund		Dividends to shareholders payable on for the year ending	19
	...	[This is to be stated here by societies not supplying a Profit and Loss Account.]	
	...		
	...		

HOW TO BECOME A QUALIFIED ACCOUNTANT.

Rs.	Rs.
Dividend Reserve Fund	...
Other Funds [to stated separately]	...
Shareholders' capital paid up at beginning of year.	
Shareholders' capital paid up during the year	...
Premiums :—	
Insuring sums at death	Rs.
" " on survival only	...
" " on marriage	...
" " at birth	...
" " other benefits [to be specified]	...
Consideration for Annuities granted	Rs.
Interest, dividend, and rents falling due in year.	
Less income tax thereon	...
Entrance fees	...
Charge for policy stamps	...
Fines or other charges on account of premiums paid late	...
Claims under policies paid and outstanding :—	Rs.
By death	...
By survival	...
By marriage	...
By birth	...
[Other classes to be specified]	...
Annuities	...
Surrenders, including surrenders of bonus additions	...
Bonuses in cash	...
Bonuses in reduction of premiums	...
Expenses :—	...
Commission	...
Agents' and canvassers' allowances	...
Salaries, etc. [other than to agents and canvassers]	...
Travelling expenses	...
Directors' fees	...
Auditors' fees	...
Medical fees	...
Actuarial fees	...
Rents for offices belonging to and occupied by the Society.	...
Rents of other offices occupied by the Society	...
Law charges	...
Advertising	...
Printing and stationery	...
Others expenses incurred in year [accounts to be specified]	...
Other payments [accounts to be specified]	...
Shareholders' Capital paid up at end of year as per Balance Sheet	...
Amount of Funds at the end of the year as per Balance Sheet.	...

Other sums falling due in year [accounts to be specified]		Life Assurance Fund	Rs.
	...	Marriage Insurance Fund	...
		Investment Reserve Fund	...
		Dividend Reserve Fund	...
		Other Funds [to be separately stated]	Rs.

Note 1.—Items in this account to be net amounts after deduction of the amounts paid and received in respect of re-assurances of the society's risks.

Note 2.—Every society transacting dividing society business shall show in its accounts both the premium income and the claims of each class of such business separately from the premiums and claims of the other classes of business transacted by the society.

Note 3.—If any class of policy is not qualified for full benefits until after the first year or other stated period, the premium income of that class will be separated accordingly in the above account. In the case of a society having more than one qualifying period for any such business the premium income shall be shown separately for each qualifying period.

Note 4.—If any sum has been deducted from the expenses account and taken credit for in the balance sheet as an asset, the sum so deducted shall be shown as in Form B which shall be submitted along with the Revenue Account. Any sum treated as an asset in this manner should be written off through the Revenue Account within five years from the date on which the expense was incurred; but in any case, the amount must not be treated as an asset at the time of any actuarial valuation made hereafter of the society's assets and liabilities.

Note 5.—The society may, if it so desires, show in this account the amount of commission on new business separately from commission on renewal premiums.

FORM B.

(REFERRED TO IN RULE 17.)

Statement regarding preliminary expenses, extension of business, etc.

	Rs.
Balance at beginning of year of preliminary and other expenses not shown as expenditure in the Revenue Account, but appearing as assets in the Balance Sheet of the society for the year ending 19	...
Addition thereto during the year <i>not</i> shown as expenditure in Revenue Account	...
Less amount written off during the year as per Revenue Account	...
Balance at the end of year of preliminary and other expenses not yet shown as expenditure in the Revenue Account but meantime shown as assets in the Balance Sheet	...
	Total Rs.

The society shall state what arrangements, if any, have been made to write off the balance of—

- (1) Preliminary Expenses, etc
- (2) Cost of Furniture.

FORM C,

(REFERRED TO IN RULE 17.)

Profit and Loss Account of the
year ending
carrying on no other business than ordinary life assurance.)

society for the

19

(to be completed by all societies except those

Rs.	Rs.	Rs.
Balance of last year's account
Interest and dividends not carried to other accounts*	Rs.	...
Less income-tax thereon		...
Profits realised† (accounts to be specified)
Other receipts (accounts to be specified)
Dividends to shareholders payable on 19 for the year ending
Expenses not charged to other accounts
Loss realised† (accounts to be specified)
Other payments (accounts to be specified)
Balance as per Balance Sheet

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Profits realised† (accounts to be specified)

Other receipts (accounts to be specified)

* The only sum which it is permissible to enter here is the amount of interest and dividends produced by the investments representing the paid-up capital.

† Profits (or losses) which do not belong to any specific fund and any profit (or loss) on the realisation of investment representing paid-up capital shall be entered here.

FORM D.

(REFERRED TO IN RULE 17.)

Balance sheet of the society for the year ending 19 for the classes of business prescribed under the Act or the rules made thereunder which are transacted by the society.

HOW TO BECOME A QUALIFIED ACCOUNTANT.

Liabilities.		Assets.	
Rs.		Rs.	
<i>Funds.</i> { Life Assurance Fund Marriage Insurance Fund Investment Reserve Fund Dividend Reserve Fund Other Funds contained in Revenue Account [to be stated separately] Balance of Profit and Loss Account	Rs.	Mortgages of property	Rs.
	...	Loans on society's policies within their surrender value	...
	...	Loans on personal security	...
	...	Other loans [to be specified]	...
	...	Investments in Government securities or in other bonds, debentures, stocks and shares [to be given in detail here, or if numerous the details may be stated on a schedule, the total of the schedule agreeing with the Balance Sheet figure)	...
<i>Capital.</i> { Shareholders' capital paid up at end of year as per Revenue Account. *Claims admitted or intimated but not paid, as under :—	Rs.	House property	...
	...	Branch and agency balances	...
	...	Outstanding premiums renewable*	...
	...	Outstanding interest dividends and rents*	...
	...	Interest accrued but not payable*	...
<i>Liabilities.</i> { Life Assurance ... Marriage Insurance ... Other classes of business [to be specified] Unpaid Dividends*	Rs.		
	...		
	...		
	...		
	...		

STATUTORY FORMS OF ACCOUNTS: P. I. S. A., 1912.

Outstanding	Deposits	Cheques paid into Bank and in course of realisation.	
		Cash on deposit with the	Bank.
[such as sums borrowed by the society, commission due but unpaid, surrender values outstanding, to be stated separately under each class of business].

		Other assets (to be specified)	Rs.

* These sums are or have been included in the corresponding items in Form A.

Note 1.—The balance sheet must state how the values of the stock exchange securities are arrived at and a certificate must be appended, signed by the same persons as signed the balance sheet to the effect that in their belief the assets set forth in the balance sheet are in the aggregate fully of the value stated therein, less any investment reserve fund taken into account.

Note 2.—A certificate must be appended hereto, signed by the same persons as signed the balance sheet and by the auditor, to the effect that no part of any fund has been applied directly or indirectly for any purpose other than the class of business to which it is applicable.

Note 3.—Societies having investments with any uncalled liability shall state separately the full amount thereof.

Note 4.—Particulars must be given of all loans, including temporary advances, except loans on policies within their surrender values, made at any time during the year to any director or officer of a society or to any other society in which any of the said directors or officers may hold the position either of director or of officer.

Note 5.—Particulars must be given of all commission or other allowance due or paid to any director or manager or other responsible officer of the society in respect of new business procured.

Note 6.—Particulars must be given of the balance of the abovementioned branch and agency balances and outstanding premiums, interest, dividends and rents remaining unpaid at the date of the auditor's report.

In the REVENUE ACCOUNT should be entered all the financial transactions of the society by way of income and expenditure during the year, whether such transactions have been completed by the actual receipt or payment of cash, or are outstanding at the end of the year.

On the *Income* side of this account should appear the premiums for each different class of insurance, all entrance fees, fines and other sums due to the society during the year (whether received or not) under the several items provided in the forms—

(a) Investments made or realized should not be entered in this account, but only the *gain* or *loss* made on their realisation, which should appear as income, if gain, and as expenditure, if loss.

(b) No deposits in, or withdrawals from, Bank are to be brought into this account.

On the *Expenditure* side should appear all expenses incurred during the year (whether paid or outstanding) under the several items provided in the form. Bad debts, losses on Agents' balances should be shown as expenditure.

No item can be included in the funds at the end of the year which was not included in the funds at the beginning of the year unless it is shown as an item of income of the year. Similarly no diminution can be made in any of the funds in any year without appearing as an item of expenditure in the Revenue Account for that year.

The amount of each different fund at the beginning of the year should be the same amount which was stated in the Revenue Account of the society's last return as the amount of those funds at the end of the year.

If the balance of any account shown in the previous return be found incorrect, the corrected balance should be brought forward in the next return, and an explanation of the difference given on the form itself.

On the Liabilities (or left-hand) side of the BALANCE SHEET there should be brought from the Revenue Account the amounts of the Funds at the end of the year, as indicated on the form; and the particulars stated of any debts incurred on behalf of the society, cash (if any) due by the society, and any other liabilities incurred by it which may be outstanding at the end of the year.

On the Assets (or right-hand) side should be shown the society's investments together with the cash in hand and any other assets of the society. Amongst such other assets will be, for instance—

branch and agency balances ;
outstanding premiums ;

outstanding interest ;
interest accrued but not payable ;
cheques paid into bank and in course of realisation.

The amounts of these items shown in the balance sheet will, in the main, be received during the next financial year, but they must not again be included amongst the premiums, interest or cash in the Revenue Account, as they have already been included in the amount shown in that year's Revenue Account as " Amount of Funds at the beginning of the year."

Some of these outstanding items which have been taken credit for as an asset may never be paid at all. The amount of those not realized will have to be written off through the Revenue Account and the funds will be decreased accordingly.

Form E.

(REFERRED TO IN RULE 17.)

Giving particulars of the relationship existing between two lives assured and those effecting policies. Submitted by the society for the year ending 19 .

	Number of Tables in prospectus of Society.		
	Table No. 1	Table No. 2	Etc.
1) Number of Policies assuring money to be paid on death of a male life— effected during the year by the life assured			
" " " " his wife...
" " " " son
" " " " daughter
" " " " father
" " " " mother

effected during the year by his brother	...	...	...
" " " sister	...	...	...
" " " any person other than the above relations	...	...	...
(2) Number of Policies assuring money to be paid on the death of a female life—			
effected during the year by the life assured	...	...	...
" " " her husband	...	...	...
" " " son	...	...	...
" " " daughter	...	...	...
" " " mother	...	...	...
" " " brother	...	...	...
" " " sister	...	...	...
" " " any person other than the above relations.	...	...	...

Total number of policies (assuring money to be paid on death) effected in the year			
under each different class	...	...	...

Form F.

(REFERRED TO IN RULE 17.)

Giving particulars of the numbers of policies effected at different ages.

Submitted by the

society for the year ending

19 .

Age of life assured.		Number of policies effected in the year under review assuring sums payable at death,		
		Table No. 1	Table No. 2.	Table No. 3.
		Etc.		
Under 5 years	...			
Over 5 and under 10	...			
" 10 " 15	...			
" 15 " 20	...			
" " "	...			

[illegible]

Form G.

(REFERRED TO IN RULE 17.)

Showing the magnitude of the Society's Policy contracts.
Submitted by the society for the year ending

61

Rs. a. p.

Largest amount of annuity paid during the year on any one life under a policy or policies issued after the commencement of the Act ; namely, 18th March 1912.

Largest amount of annuity which the society contracted during the year to pay in the same or in any future year on any one life.

Largest amount at risk during the year on any one life under life assurance policies effected since the commencement of the Act.

Largest amount of whole life premiums received or undertaken to be received during the year under commencement of the Act.

Largest amount of premiums received or undertaken to be received during the year under life assurance policies effected since the commencement of the Act on any one life where the premiums are payable for the following limited periods :—

1 year

...

...

1 year

...

2 years	...	...
3 "	...	...
4 "	...	...
5 "	...	...
6 "	...	...

and so on up to the longest term inclusive.

What for each class of insurance business other than that of Life Assurance was the largest sum insured during the year against the happening of any one contingency connected with any one person, no matter whether the insurance be under one or more policies—

	Class of insurance.	Maximum sum assured.
Birth	.	.
Failure of issue.	.	.
Marriage	.	.
Bond Investment business	.	.
Unemployment	.	.
Sickness	.	.
Accident	.	.

Note—When the amount payable under a policy varies it shall, for the purposes of statements G., H. and I., be taken as assuring the amount of the maximum limit which the society stipulates will not be exceeded. If there be no such limit then the largest amount definitely undertaken to be paid shall be entered in these statements.

From H.
(REFERRED TO IN RULE 17.)
Giving particulars of the new business each year.
society for the year ending

Submitted by the

61

Total new insurances effected during the year under review.					
Contingency on which sum assured or other benefit is payable.	Table in prospectus of society.	Number of Policies.	Sum assured or annual benefit payable.*	Renewal premium.	Single premium.
Death . . .	No. . .		Rs.	Rs. a. p.	Rs. a. p.
[Including death combined with some other contingency.]	No. . .				
	No. . .				
	No. . .				
etc.					
Total		†			

* See prospectus for details.

**** See footnote to form G.**

† This total should agree with the total number shown in forms E and F.

HOW TO BECOME A QUALIFIED ACCOUNTANT.

Survivance of a fixed period only.	No. . .				
	No. . .				
	etc.				
	Total				
Marriage . . .	No. . .				
	etc.				
	Total				
Birth . . .	No. . .				
	etc.				
	Total				
And so on for other classes.					
	Total				

Form I.

(REFERRED TO IN RULE 17.)

Showing for each year the additions to and deductions from the number of policies and the sums assured thereunder.

Submitted by the

society for the year ending

19

	Policies insuring money to be paid on death.		Policies insuring money to be paid only on survivorship.		Annuities.		Marriage Policies.		And so on for each other class of business.
	No.	Sum Assured [excluding Bonus additions].	No.	Sum Assured.	No.	Annuity per annum.	No.	Sum Assured.	
(1) Policies at end of previous year.		Rs.		Rs.		Rs.		Rs.	
(2) New policies issued as per statement H. ...									
(3) Old policies revived ...									
(4) Old policies changed and increased, ...									
Total ...									

HOW TO BECOME A QUALIFIED ACCOUNTANT.

<i>Discontinued during year.</i>									
(5) By death									
(6) By maturity or the happening of the contingencies insured against. ..									
(7) By expiry of term									
(8) By surrender									
(9) By forfeiture									
(10) By change and decrease									
(11) By not being taken up									
Total discontinued									
Total existing at end of year									

See footnote to form G.

Form J.

(REFERRED TO IN RULE 17.)

Giving particulars for each year since the formation of the society, of the number of policies that have gone off the books for various reasons.

Submitted by the

society up to the close of the year ending

19 .

The difference between the figures of columns 2 and 3 being made up of the following.							
Year when policy effected.	Number of policies effected in each year.	Number remaining in force at end of year under review,	Claims by death.	Claims by maturity of policy other than by death.	Sur-renders.	Forfeitures.	Term policies expired.
1 [Commence with the first year the Company granted insurances of any kind and give the particulars for each year thereafter.	2	3	4	5	6	7	8

A statement in similar form must be given for each table under which the society has at any time issued policies.

Statements required by this form need not be given until within six months after the close of the first financial year entered upon after the adoption of these rules,

Form K.

(REFERRED TO IN RULE 16.)

Showing the claims under dividing society business, arranged according to the duration of the policies.

Statement submitted by the

19 under each class of dividing society business.

Number of claims arising in year by death of life assured—

After payment of premium.	Table No. 1.	Table No. 2.	Table No. 3.	etc.
For less than one year				
" one year but less than two years				
" two years " three "				
" three " " four "				
" and so on.				

If the amount of the sum payable in event of death in the first few months be ascertained by a different rule than for deaths occurring later, the first column should be altered accordingly so that the deaths may be ascertained during each period for which a different method of calculation applies. For instance, in the case of a society paying nothing in event of death before six months premiums have been paid and returning the premiums paid in the case of claims when six but less than eleven months' premiums have been paid, the first column would be shown as follows:—

For less than six months

" six months but less than eleven months

" eleven months but less than twelve months

,, one year but less than two years
and so on.

A similar statement must be given of claims by marriage, by birth and under each other class of dividing society business undertaken by the society, and a reconciliation shown between the figures in such statements and the amounts shown in the Revenue Account.

Form L (1).

(REFERRED TO IN RULE 17.)

Statement submitted by the
up to the close of the year ending
of the sums paid under its dividing society policies issued under Table No. _____ on a claim
occurring.

Company
giving typical examples

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Statement giving typical examples of the total sum (including all advances or further benefits no matter when paid) that would have been paid in past years under a policy if it had become a claim immediately after premiums had been paid for 1, 2, 3, 4 and 5 full years, respectively.

Financial year in which claim occurred.	EXAMPLES OF THE TOTAL SUM PAID BY THE SOCIETY UNDER A POLICY THE PREMIUMS ON WHICH AMOUNTED TO RS. IN EACH YEAR.				
	NUMBER OF YEARS PREMIUMS PAID PRIOR TO DATE OF _____ *				
	1	2	3	4	5
	Rs.	Rs.	Rs,	Rs.	Rs.
19	...	...	
(this being 1st year of company.)					
(2nd year.)					

(3rd year.)	19	.....	.....	.....	.....
(4th year.)	19	.....	.....	.....	.....
(5th year.)	19	.....	.....	.....	.....
and so on up to		.....	.....	.....	.....
1912		.....	.....	.....	.....
1913		.....	.....	.....	.....

* State here "death," "marriage" or whatever may be the contingency on the happening of which the policy money is payable.

Statements in the following form must be given by Life Assurance Companies for each class of insurance under which the amount of the sum payable on the policy becoming a claim is fixed, not but depends either partly or wholly on the result of the division of any portion of the premium income or funds amongst the claim policies in proportion to the premiums paid under each class in any specified period. This shall not be held to apply to policies insuring a fixed amount which, so long as the premiums are duly paid, can only vary as the result of bonus ascertained by an actuarial valuation conducted in the manner provided for in schedule IV of the Indian Life Assurance Companies Act, 1912.

If the particulars required by the form of statement vary for different ages at entry, particulars must be given separately for age at entry 40 as well as for the youngest and for the oldest ages at entry for which policies are now obtainable according to the rules of the company.

If the period of division be other than one year the form of statement will be adjusted accordingly.

Particulars must be stated of the periods, if any, during which policies becoming claims do not qualify for full benefits.

Form L (2).

(REFERRED TO IN RULE 17.)

Statement submitted by the _____

_____ Company up to the close of the year ending _____ 19 _____, giving particulars of the terms of the policy contracts in force in past years and of the total payments, (including all advances or further benefits no matter when paid) that were made in past years under policies which insured a sum which depended either partly or wholly on the result of the division of any portion of the premium income amongst the claim policies in proportion to the premiums paid under each class in any specified period. This shall not be held to apply to policies insuring a fixed amount which, so long as the premiums are duly paid, can only vary as the result of bonus ascertained by an actuarial valuation conducted in the manner provided for in Schedule IV of the Indian Life Assurance Companies Act, 1912.

Class of insurance _____ (a)

Age at entry _____ (b)

Total number of years for which premiums are payable when they are only payable for a limited period. } _____

Amount of premium payable each month Rs. _____

Particulars of entrance fee or any other payment required to be made by the policyholder. } _____

Terms in force and result of division of premium income in each year since policies of this class were first issued.

Year.	Number of months after date of entry during which the company pays nothing in the event of a claim occurring.	Number of months thereafter during which the company pays a sum (in event of claim) which bears to the amount of the premiums received a ratio which is fixed before issue of policy.	Ratio referred to in (2) which the sum paid bears to the premiums received under the policy.	Minimum guaranteed amount payable by the Company in event of claim after policy is fully qualified.	Ratio which the total amount of claim paid under fully qualified policies bears to the amount of premiums received when the amount of each claim under qualified policies was in excess of the guaranteed minimum stated in (4) and depended on a division of the premium income amongst the claim policies in proportion to the premiums paid.
	(1)	(2)	(3)	(4)	(5)
1st year up to —19
2nd year up to —19
3rd year up to —19

And soon up to —1913
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(a) State here "death," "survivorship," or "marriage" or whatever may be the contingency on the happening of which the policy money is payable.

(b) If the particulars required by the form of statement vary for different ages at entry, particulars must be given separately for age at entry 40 as well as for the youngest and for the oldest ages at entry for which policies are now obtainable according to the rules of the Company.

If the period of division be other than one year the form of statement will be adjusted accordingly.

Policy number.	
Date of admission.	
Life assured's name, occupation, address, also father's name, etc., if life assured be a minor; if the life assured be female, either the husband's or the father's name, etc. must be stated.	
Name, occupation and address of policy-holder when other than life assured.	
Relationship between life assured and policy-holder.	
Age at entry of life assured.	
SUM ASSURED.	Minimum amount.
	Maximum amount definitely promised.
	Maximum amount which will not be exceeded but which may never be paid.
	Contingency on which Minimum sum assured is payable.
Contingency on which maximum amount definitely promised is payable.	
PREMIUM.	Amount of each.
	When payable.
	Number of years payable.
	Date of withdrawal.
Cause of withdrawal. (Death, survival, expiry of term, surrender, or forfeiture.)	
Amount paid on withdrawal.	

By order of His Excellency the Right Honourable the Governor-in-Council,

G. S. CURTIS,

Acting Chief Secretary to Government.